







**FORWARD WITH ROOSEVELT**







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*Franklin D. Roosevelt*

# *Forward with* **ROOSEVELT**

*An Authentic Narrative of His Life, Aims,  
and Ambitions, and a Graphic Story of  
His Endeavors for Social Security*

By  
**P. J. O'BRIEN**  
*Author of*  
**"WILL ROGERS"**



*Illustrated with Photographs*

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## CHAPTER I

### A NATION SPEAKS

**A** FOUNDATION for a real and permanent prosperity was the goal sought by Franklin Delano Roosevelt when he entered the White House as the Nation's Thirty-second President in March, 1933. It was an objective that seemed as impossible of attainment as the most inaccessible, far-off peak in the Himalayas. The entire country was deep in the valley of despair. But Roosevelt started rebuilding the collapsed structure of government and so close did he come to completing the gigantic task that when his first term ended, there was a distinct mandate from the people to go forward with his sacred undertaking of restoring peace and security to our people. It was a command that echoed from city and town, hill and prairie, so deafeningly loud and clear, that there could be no turning back. It was a vote of 27,000,000 people for the New Deal, a plebiscite that made Roosevelt the first truly national choice for President since 1820 when James Monroe was elected. The election, besides proclaiming Roosevelt the man of the hour, welded the nation into a solid unit behind him.

Among the first to recognize the import of that national unity was none other than Governor Alfred M. Landon, Roosevelt's Republican opponent,

who won only the States of Maine and Vermont, a total of eight votes in the Electoral College against the 523 in the other States for Roosevelt. Even before the counting of the ballots was finished, Landon sent a whole-hearted telegram to Roosevelt conceding the election and calling upon every American to stand behind the President for the common good. It read:

"The President,

"Hyde Park, N. Y.:

"The nation has spoken. Every American will accept the verdict and work for the common cause of the good of our country. That is the spirit of democracy. You have my sincere congratulations.

Alf M. Landon."

President Roosevelt replied:

"I am grateful to you for your generous telegram and I am confident that all of Americans will now pull together for the common good. I send you every good wish."

#### NATIONAL UNITY FORECAST

Big business, as represented by John D. Rockefeller, Jr., and others, quickly followed the example set by Governor Landon and gave assurance of their desire to co-operate with the President in the continued march toward his objectives. Rockefeller, one of the large contributors to the Republican campaigns for years, expressed his indorsement in a letter to Postmaster General James A. Farley, the Democratic National Committee chairman.

"As one citizen to another," Rockefeller wrote, "I want to give myself the satisfaction of telling you that I think the talk you made after midnight on election night was one of the most statesmanlike utterances made on either side during the campaign. Such words as these: 'We may look forward to four years of uninterrupted effort to accomplish the completion of economic recovery, of industrial welfare, and of permanent establishment of real liberty in the United States'; and 'No American need have any fear of the future. Franklin D. Roosevelt's mission is to see that all of us have a square deal'; and 'I know that all who hear these words will join with me in the hope that the scars of this great political battle will soon be healed.'

"Such words as these, I say, coming from you, will go a long way toward inspiring confidence and bringing about the co-operation of all citizens, irrespective of party, in dealing with the many problems so vital to our national life that confront us as a people."

Even Alfred E. Smith, former Governor of New York, unsuccessful Democratic candidate for President in 1928 and later one of the guiding spirits in the Liberty League, who led the "walk" of the "Jeffersonian Democrats" away from the New Deal, recognized that the true spirit of democracy called for acquiescence to the will of the majority.

"The American people have spoken," Al declared, "and the cardinal principle of democracy is the will of the majority. Every citizen, every real American



must put his shoulder to the wheel and stand behind the President."

#### THE MAN OF THE HOUR

The size and sweep of Roosevelt's majority, the largest ever given a Presidential candidate, placed Roosevelt in a position of leadership enjoyed by few men. It also was the first time the voters had been given the opportunity to express their opinion on the New Deal. Their overwhelming approval marked a definite turning point in our political history, for it was a forthright declaration by the citizens that government should be used for the betterment of human welfare.

It is an axiom in American politics that a first-term President strives for re-election, while a second-term President works to create for himself a place in history. With renewed power and increased prestige, Roosevelt faced a new era in history not only as the head of his party but also as the leader of a great popular movement.

The question that provoked more excitement than the election itself was: "Where with Roosevelt?" With the necessity of weighing his policies in terms of votes, no longer a problem, many wondered whether he would become more conservative or swing to the other extreme in carrying out his experiments. Leaders in the labor field, who had supported Roosevelt solidly for re-election hoped that he would accelerate his natural liberal tendencies unheeding of the complaints from big business. The men representing the big business interests, on the other hand,

hoped that he would "turn to the right" as prosperity steadily increased. Between these two groups there were others who regarded Roosevelt's second term as something that could not be predicted. The President, however, as his lease on the White House was renewed for another four years, indicated quite clearly a few days after the election that he intended to go on fighting for social security. He so expressed himself in a message to the Third National Conference on Labor. It was read to the delegates from thirty-nine States by Secretary of Labor Frances Perkins.

The President said:

"I believe this country has this last week given a mandate in unmistakable terms to proceed along these lines (leveling upward of labor standards) until working people throughout the nation and in every State are assured decent working conditions, including safe and healthful places of work; adequate care and support when incapacitated by reason of accident, industrial disease, unemployment, or old age; reasonably short working hours, adequate annual incomes, proper housing, and elimination of child labor. . . .

"I assure you that the Federal Government is willing to do its part in making these standards effective, and in supplementing the efforts of States when problems assume an interstate or national character."

One of the seeming paradoxes of Roosevelt's reelection was the sudden upward surge of the Stock Market, which in the two days after election day handled the largest amount of business in nine

months. In the same two-day period twenty-two large corporations either declared extra dividend payments to stockholders or resumed dividends after a lapse during the depression. Wall Street had been hostile to Roosevelt and his policies and during his campaign it was freely predicted that financial disaster would follow re-election of the Administration.

#### NEW ERA OF CHANGE

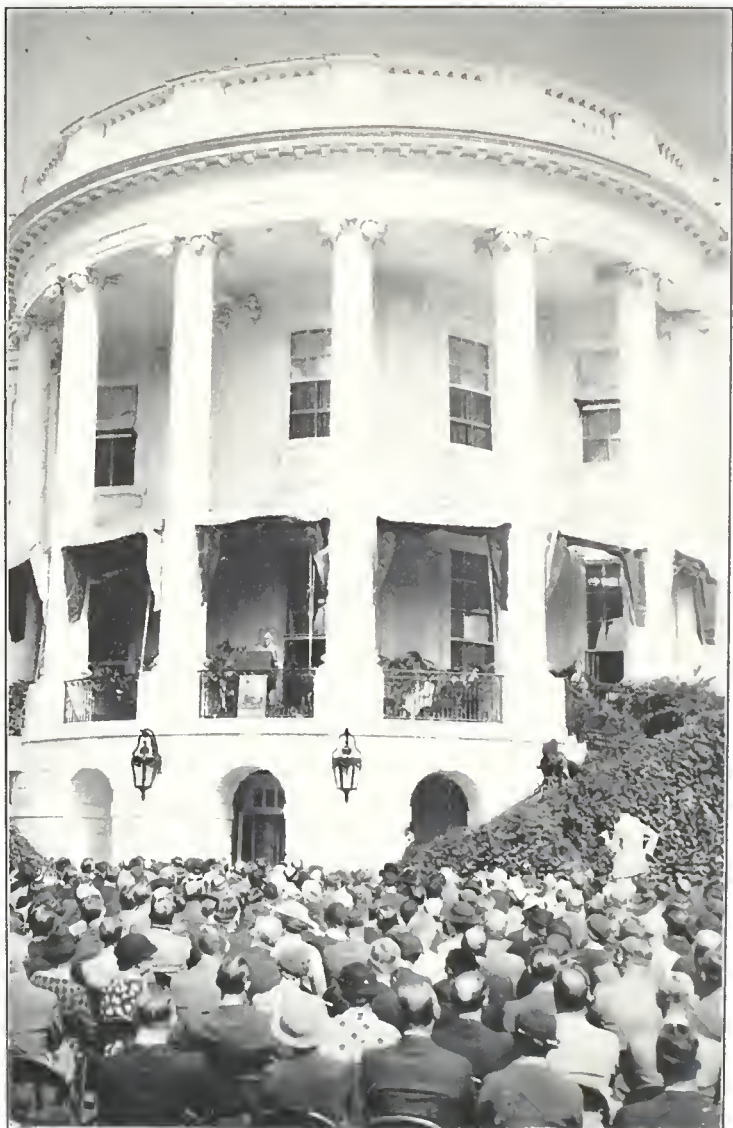
Undoubtedly the sharp rise in the security market was another indication that the people wanted a continuation of the Roosevelt recovery policies. During the campaign, the investing public was inarticulate, unable to answer the propaganda of the Wall Street interests, but they knew that business recovery had occurred under Roosevelt and as a result of his untiring efforts. The uncertainty which might accompany any change of leadership kept many out of the security market. Uncertainty always retards financial activity and prior to an election, trading is frequently checked by the doubt of investors about the effect the outcome will have on the rest of the financial community. The election of Theodore Roosevelt in 1904 provided a similar situation. T. R. was hated by professional Wall Street, but running for a second term in office he piled up one of the largest popular pluralities known up to that time. Securities on the Stock Exchange climbed rapidly upward on his election with the largest volume of trading in several years.

The re-election of Franklin D. Roosevelt likewise put to rest the groundless theory that with the



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**The President at his desk in the executive offices, early in his tremendous task of restoring prosperity to the country**



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**President Roosevelt, speaking from the White House, addresses five hundred delegates to the Mobilization for Human Needs Conference**

mounting public debt and deficit there was bound to be inflation of the currency by the issuing of fiat money. To many that course seemed inevitable but their fears were dispelled by one less spectacular fact—Government bonds and other fixed revenue securities which are the chief sufferers in fiat money experiments moved upward with the rest of the securities market.

Another scarecrow that was knocked to the ground was the bitter charge that re-election of Roosevelt meant class warfare in the United States. The warning was uttered frequently during the campaign that the New Deal had developed class hatred to a pitch where a clash seemed imminent. The alarmists were emphatic in their statements that all the extreme elements would unite into a nation-wide labor, or farmer-labor party, to fight strictly on the basis of one class against another. In the light of what happened at the polls such charges were proved to be a little less than ridiculous for his great victory could not be credited to any one class. The mighty army of voters who expressed their approval of a second term for Roosevelt were motivated by personal and economic reasons and not by any class argument.

#### TIDAL WAVE OF BALLOTS

Further proof was given by the vote cast for the parties that were identified with strictly class appeal. The Communists, despite their vociferousness, polled only a comparative handful of votes and in some States lost the right again to be on the official ballot.

The Socialist party which for years was strictly a class party was given a very small vote, only a small percentage of what was received in the 1932 election. The National Union for Social Justice party had no attraction whatever for the American voters.

It must be recorded, however, that while no one class of voters could claim the lion's share in Roosevelt's triumph, the farmers and the wage-earners were the big factors in the landslide. Labor leaders asserted that nearly four-fifths of Roosevelt's total vote came from the wage-earners, that is all those who work for wages and salaries, including the 4,000,000 in organized labor unions and the other millions who work on farms, in stores, in offices, in the skilled trades, and in the unorganized groups in industry. These wage earners, according to the Census Bureau, number over 45,000,000, but, it was estimated, that only about 25,000,000 of these were able to vote. Before the election labor leaders predicted that nearly eighty per cent of the wage earners would cast their ballots for Roosevelt. If that prediction proved true then approximately 20,000,000 wage-earners were included in the Roosevelt total.

Agriculture, according to the Census Bureau, has about 8,000,000 persons who work for wages and of these around 5,000,000 voted. Agricultural leaders estimated that 4,000,000 of these votes were cast for Roosevelt because of the New Deal's farm program. Another type of rural voting strength which these leaders claimed to have enlisted under Roosevelt's standard came from the towns in the farming areas. The rural business man and others in these

non-industrial towns depended upon the prosperity of the actual tiller of the soil for their own prosperity. Politicians argued that if the New Deal was a good thing for the dirt farmer it was also a good thing for the small-town business man dependent upon the farmer trade.

Leaders from the farming sections declared that the small town vote swung over to Roosevelt in amazing numbers so that Roosevelt was able to carry these sections in 1936 by much greater pluralities than in 1932. They pointed to Minnesota, where Roosevelt's plurality in 1932 was 237,000, but in 1936 it was 370,000, and in Montana, where in four years it jumped from 29,000 to over 125,000. In Illinois, however, agriculture and labor shared the credit for the increase from 450,000 in 1932 to 750,000 in 1936. In other states also, where there were large agricultural areas and great industrial centers, the gains were proportionate. In Kansas, home State of the Republican candidate, there was an interesting division of sentiment. The western half of the State which was the most severely hit by the drought voted almost 3 to 1 for Roosevelt while the eastern half was about 2 to 1.

The vote in the large cities of the country was solidly for Roosevelt. All election predictions were that the President would carry these cities, but all the forecasters erred in underestimating his strength. New York gave him a plurality of over 1,360,000 while Philadelphia, regarded for years as the most strongly entrenched salient of Republicanism, gave him an edge of more than 250,000 votes. Chicago,



Detroit, Cleveland, Boston, Pittsburgh, and other major cities returned correspondingly large pluralities.

With that unqualified indorsement of the American people behind him, Roosevelt was confronted at the outset of his second term with four major problems, the solution of which would in a great measure determine the place he was destined to occupy in American history. These were: the budget, social security, "hot money," and reorganization of the executive departments.

The question of a balanced budget was one that was hurled at the President from all sides during his campaign. Roosevelt, however, had been preparing for that problem for months by having fundamental changes made in the nation's bookkeeping to bring about a closer relationship between revenue and expenditure. He also had a survey made to correct any inequalities in the tax laws of the preceding session of the Congress.

#### ECONOMIC SECURITY

The problem of economic security for the individual and his family was the most important in the eyes of the President. That security was in three phases: (1) decent homes to live in; (2) development of natural resources; (3) safeguards against the misfortunes of life.

Other social issues, particularly the relations between labor and capital and legislation seeking the direct objectives of the National Recovery Administration, the NRA of other days, were being

studied by the President for action during his second term. That was indicated in a message to the National Automobile Show when he said: "I hope that every resource will be exhausted and every effort directed to the end that all of the employes engaged in the production of automobiles will have continuous employment." That was interpreted by political observers as indicating that the President planned to set up some system of compulsory licenses for business engaged in interstate commerce. At the same time, powerful labor unions were agitating for legislation that would provide minimum wages and maximum hours; guarantee collective bargaining; and stabilize business and eliminate unfair practices. Those things were the objectives of the NRA, which was ruled out by the Supreme Court as an unconstitutional delegation of power to the executive branch of the government and an unconstitutional invasion of the rights of the States. However, the President had several branches of his administration study the problem from all angles to determine how those ends might be attained constitutionally.

#### FOREIGN MONEY

"Hot money," a term applied in banking circles to funds brought to this country for investment by foreigners who were frightened about conditions in their own country, presented another serious situation. At the time of Roosevelt's re-election it was estimated there were more than \$7,000,000,000 of foreign money temporarily invested in American

securities, and the amount was steadily increasing as the political situation abroad become more muddled. A sudden withdrawal of these funds would be certain to have a grave effect on the security and money markets and on our currency agreement with Great Britain and France. The President and his financial counselors decided the government was without power to control such investments but felt that some legislation should be enacted that would prevent any disorder in the foreign exchange situation.

The other task facing Roosevelt at the beginning of his second term was the subject of an extensive reorganization of the executive departments. With the ever present problem of patronage involved there were many advocates of modernization but each was of the opinion that it was the other departments that needed reorganizing and not his own. Such a situation called for a strong control of Congress. The President had three agencies, two of them committees and the third an economics organization, make a survey of the situation to determine where the various departments overlapped and where the slack could be taken up. It was even considered possible that it might mean the elimination of some old Cabinet posts and the creation of new ones. Another effect of this revamping, it was believed, would be the placing of temporary organizations such as the National Youth Administration and the Civilian Conservation Corps under permanent divisions of the Federal government.

## ROOSEVELT'S POLITICAL CREED

President Roosevelt declared; "For all these things we have just begun to fight." But the changes that were contemplated were totally unlike those that occur when one party succeeds another. The President's objectives were the same as when he walked into the White House for the first time, but the methods by which he intended to further them were dependent upon economic conditions over which he had little control. After all, decent working conditions, adequate wages, and proper housing are relative but it was certain, nevertheless, that the President's course would be toward a more equitable distribution of national income without skimping in the care of those unable to find places in business and industry.

## CHAPTER II

### ROOSEVELT'S EARLY YEARS

**F**RANKLIN DELANO ROOSEVELT was born with the spirit of a crusader, the scion of a wealthy and aristocratic Dutch family that came to this country as pioneers around 1636. His early boyhood was sheltered, but in that atmosphere of quiet luxury he developed an intense eagerness to go places and do things. In later life that same force of will pushed him past seemingly insurmountable barriers to the highest honor that our great nation can bestow upon one of her sons, the office of President. He could have grown up to be just another one of the idle rich, but he preferred to champion a cause and fight for it fairly even under conditions that would have embittered many other men whom history calls great. His crusading spirit was manifest while a student at Harvard when he started a campaign on behalf of the Boers against whom England was waging a war of oppression. The wealthy students who were young Roosevelt's associates on the university's "Gold Coast" at first were disinterested, but he carried on with the same indomitable purpose then that he did when he faced a despairing nation on a bleak Saturday in March, 1933, and declared in his inaugural speech: "Ours is not an insolvable problem."

The man who was to bring a new deal to a financially paralyzed country was born January 30, 1882, in the Roosevelt ancestral home on a farm in Hyde Park, Dutchess County, New York. Franklin Roosevelt, according to the family records, weighed ten pounds at birth and had fair hair and blue eyes. His father, James Roosevelt, then president of the Louisville & New Albany Railroad was 53 and his mother, the former Sarah Delano, was 27. James Roosevelt was a great-great-great-great grandson of Claes van Roosevelt, the first of the name in America, who came here from Holland. Nicholas Roosevelt, a son of the pioneering Claes, had three sons, two of whom were the ancestors of the more celebrated branches of the family.

#### FAMILY HERE IN 1636

Johannes, Nicholas' second son, settled at Oyster Bay on Long Island and was the ancestor of President Theodore Roosevelt, the Republican Square Dealer. Jacobs, the third son, settled at Hyde Park and was the progenitor of President Franklin D. Roosevelt, the Democratic New Dealer. Traditionally, all the Roosevelts were Democrats, but during the Civil War the Long Island Roosevelts turned Republican.

Franklin Roosevelt's mother, who has seen her only son elected twice to the Presidency, was a descendant of Hugues de Lannoy, who came to this country in the early 1600's. A famous belle in her time, she centered all interest on the rearing of her son. From birth both parents gave the boy not only their profound affection but also a rare comradeship. The

parents were counselors and playmates—a priceless heritage for any child. They were his first teachers.

When he was five, Franklin's father took him to Washington. President Grover Cleveland, a close friend of the father's, was in office and the two went to call upon him at the White House. Beset with the cares of administration, Cleveland looked upon the hopeful face of the boy. He patted the youngster's hair.

"I'm making a strange wish for you, little man," said the President, "a wish no one else is likely to make. I hope you'll never be President of the United States."

#### PARENTS HIS FIRST TEACHERS

From his father and mother the boy Roosevelt learned love of the land and the principles of farm management. With his pony they encouraged him to roam their acres so that he might learn from direct contact the secrets held by the outdoor world. He grew to know the hard-working farmers in Dutchess County and absorbed the difficulties attendant upon raising a crop and marketing it. This knowledge found practical expression in later years when he proposed and fought for progressive rural measures for the people.

But James and Sara Roosevelt taught their son more than a broad understanding of the farm. They gave him their knowledge of books and events of the day. When they traveled, he went with them and the information gained was bolstered by the books

from the Roosevelt library. From his grandmother he heard stories of the doughty Claes van Roosevelt, who sailed the seas in quest of trade. The sea held for him an ever-increasing interest. In his sailboat on the Hudson River young Roosevelt cruised about, dreaming of the glamorous and adventurous trade that had lured his ancestors to China and the far-off corners of the world. When he was fourteen, Roosevelt showed his seamanship by a practical demonstration. With a crew of two he sailed across the rough waters of the Bay of Fundy in his own boat. It strengthened in him the urge to follow the footsteps of his ancestors by going to sea.

But his father had other plans and wished the boy to prepare for a legal or business career. The son told of his desire to go to sea, possibly by following a career at the Naval Academy. The elder Roosevelt, however, as was customary, set forth his views but left it for the boy to decide. Respect for the wisdom of his father was paramount and he determined to follow the proffered advice. Young Roosevelt chose Groton as a preparatory school for Harvard.

#### EXCELS IN SCHOOL

At Groton, which he entered in 1896, Roosevelt found a new environment and the added stimulation of rivalry in school activities. He had grown to a six-footer, but he was only moderately interested in athletics. He played football, rowed with the school crews, and argued on the debating team. At the same time, Roosevelt sang in the school choir and helped edit the school newspaper. He was a brilliant



student despite his extra activities and was able to finish the six-year course in four years.

Roosevelt entered Harvard in the fall of 1900 at the age of eighteen and, because of the keenness of his mind, he was able to repeat his performance at Groton by completing the university's required four-year course in three years. An ardent student of history and world affairs, Roosevelt carried on the inspiration begun when his parents encouraged him in the collection of an old set of the proceedings of the Continental Congress. While he did not bury himself in books, the future President found added stimulus in his study of government at the university. The events of the day occupied his particular attention and he acquired well-defined views on political questions.

#### AT HARVARD

During Franklin's first year at Harvard, Theodore Roosevelt became the candidate for Vice President. There were several reasons why Franklin Roosevelt could have aligned himself with the Republican side. Theodore was a distant relative and a Harvard alumnus, but principles were more important and he declared himself in favor of the Democratic ticket. While he did not have the privilege of the ballot, his choice was a surprise to his fellow students. Franklin admired his distant relative greatly and his own career later was to find inspiration from the splendid manner in which the other Roosevelt served the nation, but, it is related, the tall freshman called upon Charles W. Eliot, president of Harvard, and asked him to vote against the "Republican ticket and imperialism."

## EDITS COLLEGE PAPER

Franklin Roosevelt was a thorough-going university man of those days and took part in all undergraduate activities. He played on the freshman football team and became a member of the varsity rowing squad although he did not achieve the glory of being one of the regular crew. In his senior year he became editor of *The Crimson*, the Harvard daily newspaper, and immediately began to introduce innovations. He got out extra editions, distributed the paper by special messengers on occasion and used his editorial columns in a way that made *The Crimson* both interesting and influential. One instance will serve to show how the college newspaper was used to correct a condition with which the editor found fault. The century-old dormitories at Harvard were without fire escapes and Roosevelt waged a single-handed battle with the overseers of the university to have safety devices installed. His editorial aroused a great discussion in those hallowed halls of learning at Cambridge, but in the end the overseers acceded to his demands.

Roosevelt was popular at Harvard and was elected to many of the student clubs. Among them were the Institute of 1770, the Political Club, Social Service Society, St. Paul's Society, Fly Club, Yacht Club and others of less importance. The list of clubs to which the student Roosevelt belonged showed at that age he was developing a strong consciousness toward public welfare. During his first year at the university, Franklin's father died at the age of seventy-two. This brought him into closer companionship with his mother and also added to his own responsibilities.

But after completing the required course in three years, young Roosevelt decided to return for a fourth year as a post graduate. He took courses in government, history, and international law in preparation for the study of law. At the same time he continued his editorial work on *The Crimson*.

It was an interesting year in political history and the future President took an ardent interest in all that was going on. His sixth cousin, Theodore Roosevelt, was running to succeed himself as President after finishing McKinley's term. The air was filled with labor disputes and in the Far East the question of war was of paramount concern. The Panama Canal was one of the important issues of the time. Roosevelt showed his understanding of these problems by his editorials in the college newspaper.

#### MARRIES NIECE OF SQUARE DEALER

After leaving Harvard, Roosevelt returned to New York, where he took up the study of law at Columbia University in 1904 and began another important era in his life. There was, first of all, his marriage to his fourth cousin once removed, Anna Eleanor Roosevelt, the daughter of Elliott Roosevelt, on March 17, 1905. The two met for the first time when he was four and she was two. The bride, whose parents died when she was small, was given in marriage by her Uncle Teddy, then President of the United States. Alice Roosevelt, then known in society as "Princess Alice," one of the popular belles of that period, was maid of honor at the wedding. The following year Alice

Roosevelt was married to Nicholas Longworth, of Ohio, one of the most influential legislators in the history of Congress. Franklin D. Roosevelt was only twenty-three at the time of his marriage and he had two more years to go before he completed his law course at Columbia. In 1907 he became a member of the bar and embarked upon his legal career. He started with the firm of Carter, Ledyard, and Milburn as a managing clerk, appearing occasionally in the courts. His love of the sea and his knowledge of marine affairs found reflection in the fact that he was frequently called upon to handle the admiralty cases of his firm. At the end of three years, however, he withdrew to form the firm of Marvin, Hooker, and Roosevelt.

#### ENTERS POLITICS

That same year, 1910, marked the beginning of Roosevelt's political career, but at that time work in his chosen field and his home life probably interested him more than public service. Franklin gave much of his attention to the children and shared with them his interest in the outdoors, the sea, and other hobbies. In those early years Roosevelt began experiments in forestry that were carried on and reflected in the great reforestation program undertaken when he became Governor of New York.

Anna Eleanor Roosevelt also shared her husband's interests and enthusiasms, and in the years following their marriage he relied upon her judgment in many things. Trained for a career in society, she relegated social activity to a secondary place while pursuing a

career of philanthropy and public achievement. In her own writings she describes herself as "the typical old-fashioned girl of my period, brought up by my grandmother who had strict ideas as to the sphere of women." In that sphere, however, was included "an obligation to engage in some kind of philanthropic work." It was that obligation that led her to the teeming tenement districts of New York to engage in social work shortly after making her debut. Other progressive movements interested her and while she found time to take an active part in them, she was at the same time a creative companion to her husband.

#### THE FIRST LADY OF THE LAND

Up to 1933 the nation knew the wife of the President simply as The First Lady of the Land, the hostess of the White House, an officially mute figure since the days of George Washington. Then the Roosevelts moved in and Mrs. Roosevelt proceeded to demonstrate that the President's wife could be a woman of achievement in her own right, outside of her husband's field and beyond the family fireside. It was unprecedented in any Administration but it was the more remarkable because of the crucial period which the country was facing. She was caricatured because she seemed to be as busy as her husband and to some it seemed incongruous that the President's wife should be automobiling or flying around the country instead of worrying about the Sunday dinner at the White House.

Before long the cartoons stopped as the majority of the public came to realize that her activities were

not distractions of a wealthy woman seeking escape from boredom nor a bid for notoriety, but a genuine effort to use her position in the service of her fellow man. With her tremendous energy she was able to direct the White House household, broadcast regularly on the radio, edit a magazine, write newspaper and magazine articles, sponsor a model mining community, campaign for friends, supervise her widespread philanthropies and be her husband's helpmate in his greater cares.

"Whether existence holds more for the woman of fifty than it used to depends upon the woman," Mrs. Roosevelt declared on her fiftieth birthday. "I am sure many women of fifty look upon life and find it good. I am one who does."

There is no doubt that Mrs. Roosevelt's activities throughout their life together had an important bearing on his political destiny. It is even possible that before her time no one woman was responsible for so many votes for and against a candidate. On one side were those who insisted she had usurped many privileges which belonged solely to the President and that her opinion had swayed her husband in too many decisions. Opposing that idea was an army of admirers who approved of her activities.

Her interest in politics went back to 1910 when Franklin D. Roosevelt entered the political arena at the age of twenty-eight. It was not entirely of his choosing, but the desire to do something for the Democrats in his district, a traditional, boss-ridden Republican stronghold. A Democratic victory in Dutchess County at that time was regarded as

extremely unlikely and there were many smiles when he announced his determination to win. At the outset of his campaign Roosevelt tossed political precedent into the discard, but his opponents were unconcerned as they felt confident of the outcome. Unwilling to run just for the purpose of accepting defeat, he applied himself vigorously to the fight. His speech accepting the doubtful honor that had been thrust upon him expressed the principles which Roosevelt has followed throughout his political career.

"I accept the nomination with absolute independence," Roosevelt declared. "I am pledged to no man; I am influenced by no specific interests; and so I shall remain. If elected I will give my entire time to serving the people of this district.

"In the coming campaign I need not tell you that I do not intend to sit still—we are going to have a very strenuous month."

#### A STATE SENATOR

When that strenuous month was ended, Franklin D. Roosevelt had been elected State Senator from the Twenty-sixth District. Senator Roosevelt proceeded at once to carry out his campaign promises. With his family he went to live in Albany in order that he might give all his time to serving the people who had elected him. Taking a home at the State Capital was an innovation in New York State politics. Usually, the New York legislators remained in Albany during the sessions or when some legislation in which they were interested demanded their presence.

Senator Roosevelt took a seat that had been held by Republicans for thirty years, but he was solidly opposed to the forces of Democracy as represented by Tammany. The new, young Senator from Dutchess County, two tiers up from New York City, plunged into the thick of the battle which centered around the proposal to place William F. Sheehan in the United States Senate to succeed Chauncey M. Depew. At that time, United States Senators were elected by the State Legislatures.

Roosevelt, known in the State Senate as "that college kid," led the fight against Sheehan, who was being supported by Charles F. Murphy, last of the great Tammany chieftains. The Senator from Dutchess County felt that Sheehan was too close to the "special interests"—then in public eye because of the "trust-busting" activities of the other Roosevelt, Theodore. Murphy had power and Roosevelt was unknown when the fight started. Then, as in later years, Roosevelt carried his campaign to the people.

The youthful Senator stumped the State preaching against "bossism," with the result that after three months the "college kid" had not only won over Tammany but had attracted national attention. It was one of the most involved and exciting political struggles that the State had known. In the end, Sheehan's name was withdrawn. This fight by Roosevelt undoubtedly gave a tremendous impetus to the movement for the popular election of United States Senators and established Franklin D. Roosevelt as the leader of progressive Democrats in the Empire State.



That first term in the State Senate also was marked by the unprecedented action of refusing an appropriation for Dutchess County on the ground that it was not needed. He asked that the money be returned to the State Treasury. His political colleagues were amazed, but the entire State regarded him with admiration.

At the expiration of that first term, Roosevelt was desirous of returning to private life. He decided he would not run for re-election, a choice which was extremely pleasing to the organization politicians. But their elation was short-lived, for friends of Roosevelt persuaded him that he was needed in the State Senate and he agreed to run again. He was sent back to Albany by a much larger majority than the first time even though the Republicans and Tammany had learned their lesson and used every means to defeat him.

#### AIDS WOODROW WILSON

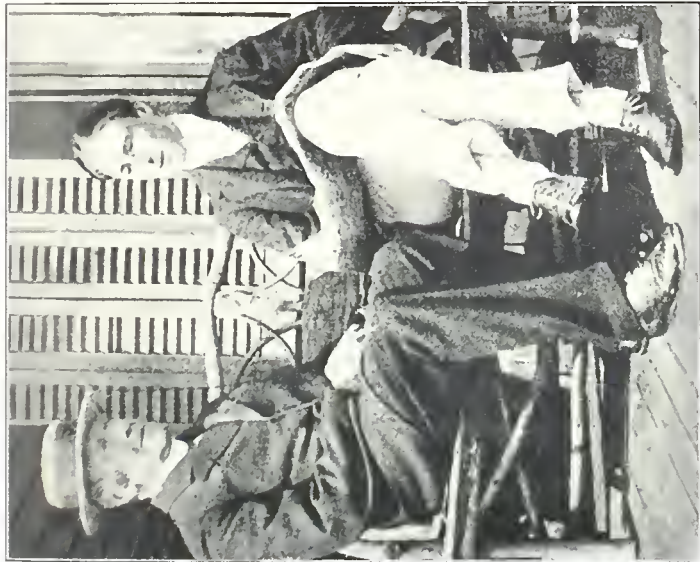
With the attention that he had created by his successful fight against the powerful Tammany organization, it was a natural sequence that Senator Roosevelt should be chosen as the delegate from his district to the Democratic National Convention at Baltimore in 1912. The interest in national politics was at fever pitch. Theodore Roosevelt had bolted the Republican party and organized the Bull Moose party, while in New Jersey the mild-mannered Governor Woodrow Wilson, former president of Princeton, was leading the Democrats on a progressive platform. William Jennings Bryan, one of the

great political orators of all time, was active on behalf of the Democratic party. The nation at large sensed that significant political changes were in the making.

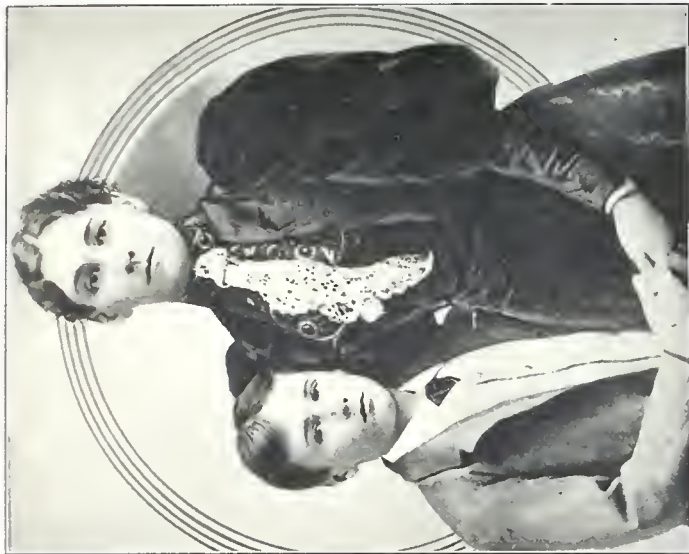
Franklin D. Roosevelt was attracted to Woodrow Wilson. There was a community of interest between the two men that was both personal and political. The independent delegate from Dutchess County sought in every way to further the candidacy of Wilson for the Presidency. Again Roosevelt ran into the stone wall of unit rule that enabled Boss Murphy to hold the New York City delegation intact so long as a majority of members were under his control. A second battle with the Tammany organization resulted, for Murphy was bitterly opposed to that "other college guy." Roosevelt launched his campaign against the unit rule itself and organized "The Empire State Democracy" with the one intention of providing expression for the Wilson sentiment at the Baltimore convention.

During the convention, Roosevelt and his group talked Wilson to all the delegates. The young State Senator by his force of argument could always attract a group of delegates to listen to him. He told his listeners of the inside New York politics and more especially he pointed out the alignments that endangered the right of the people to a government based upon the fundamentals of Democracy. Roosevelt, unquestionably, led the drive for Wilson at Baltimore, the scene of one of the most exciting conventions in the history of the Democratic party. The convention reached a crisis when Bryan, one

of the noblest "Romans" the party ever knew, speaking against a chorus of boos from the Tammany delegation, hurled at the delegates the threat to bolt the party if an "interest-tainted" candidate were chosen. Wilson was nominated on the forty-sixth ballot. The Tammany organization was backing the candidacy of Champ Clark.



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James Roosevelt with his son, taken 1901



© *Arme Newspictures, Inc.*  
Roosevelt at the age of twelve. This thirty-eight-year-old picture from the Roosevelt family collection shows the boy Franklin with his mother



© International News Photos, Inc.  
On leaving his post of Assistant Secretary of the Navy in 1920, Franklin D. Roosevelt received a loving cup from Josephus Daniels, the Secretary of the Navy



© Gene Vesper Pictures

Roosevelt, an ardent baseball enthusiast, is third from the right in this photograph of the Groton School team, of which he was manager in 1908, aged 16

## CHAPTER III

### RISE TO POLITICAL HEIGHTS

**A** NEW era in American politics began the day Woodrow Wilson was nominated for the Presidency and Franklin D. Roosevelt, youthful as he was, must be credited with being one of the prime movers in it. The period was to be marked by the shambles of the World War, but it was destined to place new values on political ideals and at the same time place the United States in a position of world leadership never before occupied by any modern civilized nation. Roosevelt's reward was his appointment as Assistant Secretary of the Navy under Josephus Daniels, one of the great directors of the naval affairs of this country. The boy, tacking his catboat across the Hudson River and dreaming of far-away ports, was realizing the inheritance of his pioneering forebears by going back to the sea. His executive ability and magnetic personality played an important part in those exciting days.

### HIS WORK IN THE NAVY DEPARTMENT

Roosevelt continued to take an active interest in the political affairs of New York State up to the start of the World War in Europe. Then he realized that the United States should turn its attention to obtaining greater naval strength in as short a time

as possible and he devoted himself solely to the Navy. The young Assistant Secretary startled officials at Washington one day when he outlined the weakness of our defense.

"The United States Navy is vastly overrated," he said. "The Government has been guilty of falsehood to the American people, although, perhaps, not with the intention to deceive. We have defenses, but we have a coast line of two thousand miles and on that coast line but two hundred miles are protected by coast-defense guns. If I were a Japanese and couldn't land on some spot of that 1800 miles of unprotected coast after the fleet has been destroyed, I would commit hari-kari."

Secretary Daniels, because of his unusual capacity for administrative matters and his political ability, was one of President Wilson's closest advisers. Daniels was frequently away from his post on missions for the President, and at such times Roosevelt was the acting Secretary of the Navy. But when President Wilson, on April 6, 1917, went before the Congress with his historic message: "A state of war exists between the United States and the Imperial German Government," the Navy was prepared. The jolt that an under Secretary had given to official complacency had served its purpose admirably. And when technicalities later interfered, Roosevelt cut through the red tape with the command: "The nation is at war: we must have materials now." That policy learned in that war was to serve him in excellent stead when he was to be the sole leader in an equally tragic war against financial depression.

## HIS PART IN THE WORLD WAR

The naval establishment was expanded until it included 533,000 men and spent \$4,000,000,000 on construction. Roosevelt was in charge of shipyards and construction, a job which provided him with many opportunities to show his ability. He cut miles of red tape and saved time by introducing the system of competitive bidding. In an incredibly short time the Navy had destroyers patrolling the waters of the European coast in search of the German U-boats then raging a ruthless warfare on all shipping. To combat the horrors of undersea warfare, Roosevelt conceived the idea of organizing the Atlantic Coastal Guard and commandeering privately owned yachts for this service. These luxury craft were armored and manned for war, thus permitting Navy ships to perform other service in foreign waters.

The 110-foot submarine chasers, which proved an effective weapon against the U-boats, were, in a large measure, the result of Roosevelt's sponsorship. They were overshadowed, however, by a much more lethal and startling offensive machine that might not have been put in use had a man of lesser caliber than Roosevelt been in the Assistant Secretary's post. It is related that one day a determined gentleman appeared at the Navy Department and managed to get the junior executives. The man carried a handbag, which he guarded jealously.

"I have the solution of the U-boat problem," he declared, much to the astonishment of the Assistant Secretary of the Navy.



This startling statement at once provoked the reaction that another crazy person with a hare-brained scheme had come to solve the puzzle that had worried high officials here and abroad. However, Roosevelt listened to the man and before the story was half told, the grin that had been on Roosevelt's face disappeared. He was convinced that the answer to the underseas menace had been found.

The plan of combating the U-boat was based upon the fact that no submarine could leave Germany and get to the Atlantic shipping lanes without first passing through the English Channel or the North Sea, both comparatively narrow stretches of water. A net of some kind stretched across these waters would catch the death-dealing German submarines. Roosevelt's caller outlined his scheme to make this net with his newly invented undersea mines. The mines had electrically charged meshes with long antennae. Any submarine coming in contact with these antenna would set off one of the nearby mines. After some delay, England consented to let the United States plant this undersea mine barrage in British waters as an experiment. When the first German submarine was destroyed the British government realized the value of these "curtains of death" and they were used to guard other stretches of submarine-infested waters.

Less conspicuous than submarine strategy but equally important was the handling of the Navy Yards and the thousands of civilian employes engaged in sustaining operation of the Navy's plants ashore. The land organization functioned smoothly

without labor disputes of any kind and Roosevelt felt that he could be spared to see some real fighting service. It was even rumored at one time that he had resigned his post in order to enlist as a seaman. As a matter of fact, he requested relief from office duty and the chance to see service at sea but was urged to give up the plan. He was then sent overseas to inspect the American fleet in European waters and report on our bases in France. Roosevelt chose to go abroad on a destroyer when he might have sailed on a more comfortable armored cruiser. Overseas, he made a special study of the proper disposition to be made of our naval bases and stations when the war was ended. He also got a first insight into warfare by spending considerable time at the front. After the Armistice was declared, Roosevelt was sent back abroad in January, 1919, to supervise the demobilization of the naval forces, a task that required only two months of his time, so well had the groundwork been laid on his first visit.

#### ADVOCATES UNIVERSAL TRAINING

Those were tragic days. The last shot on the Western Front had brought to a war-torn world the knowledge that the cause of human welfare, despite the great sacrifices already made, was still only a dream. President Wilson, unable to escape the fate of being a war-time President, at that time was at the Peace Conference in Paris pleading for his ideals of a brotherhood of man. Wilson had learned that war could not always be avoided

except by dream of a world peace. His plan for world peace rested in the establishment of the League of Nations, which was organized in 1920. Roosevelt from his war-time activities had learned that it was a costly proposition to neglect national defense when war is forced upon a nation unprepared for the emergency. Assistant Secretary Roosevelt, never a militarist, on his return to the United States began to preach a doctrine of universal training of the youth of America as the surest road to world peace. He advocated general preparedness with a first and second line of trained army and navy reserves. He saw the obstacles ahead of international relationships but he hoped that Woodrow Wilson might be able to lead the rest of the world to their successful accomplishment.

Roosevelt went to battle for Wilson but the latter's illness changed many things. The failure of the United States to enter the League of Nations left that organization, as Roosevelt pointed out in many of his speeches at that time, only "a new form of European alliance." He contended that the success of the League depended solely upon the way it was regarded by the United States. Roosevelt was realistic enough, however, to acknowledge that "the League may not end wars but the nations demand the experiment."

While he was still Assistant Secretary of the Navy, Roosevelt drew up a "concrete program" for the improvement of government. He suggested the adoption of a true budget for the nation, and urged that appropriations be given to one general

committee with sub-committees to handle details. He further advocated the redistribution of the work in the various departments of government to avoid overlapping and duplication. He promoted the flight of the Navy NC-4 seaplanes across the Atlantic Ocean by stages from Newfoundland to the Azores and thence to Portugal. Roosevelt proposed that the international radio system used by the Navy before and during the war be retained and operated, but the proposal was voted down by the Republican Congress and the system was turned over to private interests.

#### DEFEATED FOR VICE PRESIDENT

Roosevelt was thirty-eight in 1920 when he was nominated for Vice President at the Democratic National Convention in San Francisco. Governor James M. Cox, of Ohio, was carrying the Presidential banner. Roosevelt's record during the World War, it was said at the time, might have made him the Presidential candidate if it had not been for his youth. It was a period filled with the hysterical reaction following the war and the anti-Wilson sentiment had grown to such extent that Cox and Roosevelt were defeated by a large margin. Warren G. Harding and Calvin Coolidge were elected to the Presidency and the Vice Presidency. Roosevelt accepted his defeat gracefully and declared it had given him one decided benefit—the campaign took him into every State in the country where he was able to study the problems and needs of the people. Viewed in the light of later events his defeat was a

blessing in disguise for it saved him from the political oblivion which is the fate of most Vice Presidents.

#### CONQUERS DREAD PARALYSIS

The event which brought a bitter interlude into Roosevelt's busy and brilliant life occurred in August, 1921, at his summer home in Campobello, New Brunswick, Canada. Infantile paralysis struck Roosevelt there a few hours after one of his customary swims in the cold surf. The nation was shocked by the news of his illness as there was only slim hope held of his recovery. Then began the greatest battle of his career. The seemingly hopeless struggle was to last for years but in the end he gained his greatest triumph. He fought the battle against fear and bitterness alone, otherwise his great desire to render public service might have been destroyed in those black hours. Roosevelt refused to accept life as an invalid and regulated his affairs within the limits of his physical ability. He was paralyzed from the waist down but he never would admit that his infirmity was anything more than temporary. His indomitable will forced him to the belief that he would some day walk again. He set about building up a spirit that would compensate for his handicap. He kept on with his law business and increased his studies of political science. At the same time, Roosevelt was able to direct the reorganization of the Boy Scouts of Greater New York, and maintained his interest in State and national politics. For three long years the fight went on and there appeared to be nothing ahead but life in a wheel chair.



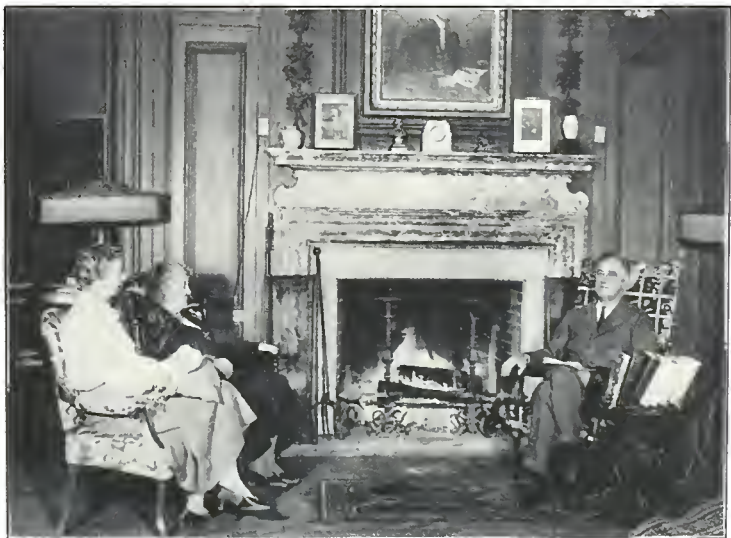
© Keystone Underwood

President Roosevelt celebrated his fifty-first birthday by giving a party at the Georgia Warm Springs Foundation for Crippled Children. He is about to cut the 60-pound birthday cake



© Keystone-Underwood

In the old family home near Poughkeepsie, New York, Franklin Delano Roosevelt was born



© International News Photos, Inc.

Speaking from the fireplace of his home in Hyde Park, New York, the President pleads for religious tolerance and for all creeds to unite in a common drive for a revival of faith and the spirit of the good neighbor. The President is seen in the picture seated with his mother and Mrs. F. D. Roosevelt just before the broadcast

## SETS UP FUND FOR OTHER VICTIMS

As he gained strength, Roosevelt learned of the Warm Springs in Georgia, where water with a temperature of 89 degrees gushes from the earth. He went there to make the real battle against the ravages of the dread disease. Daily for two years he was carried down to the warm waters to bathe and exercise. Soon he was swimming about. A short time later the fact that he was regaining use of his wasted muscles became national news. But there was little hope, even then, that he would come back to continue effort to build up a progressive Democratic party. While at Warm Springs he determined to make the place available to others who were stricken with the same malady as himself. Two thirds of his personal fortune was spent in buying the springs and in carrying on experiments to prove the curative effect of the waters. Then he invited some of his friends to join in the establishment of the Warm Springs Foundation, and to insure the future of the institution, even in the event of death, he had himself insured for \$500,000 and named the Foundation as the beneficiary. To obtain a policy for that amount, Roosevelt was compelled to pass the most rigid and thorough physical examination that six physicians could give. The policies were issued at the regular rate for a man his age and the examining physicians sent letters expressing their complete satisfaction of his fitness.

Roosevelt supplemented his baths at Warm Springs with mental drills in which he tried to get "reluctant



nerves" to carry commands to laggard muscles. On one of these occasions he remarked to a friend: "You folks don't know what fun it is just to move your little toe." Improvement was slow but in 1924 he appeared at the National Convention in Madison Square Garden, New York, to offer the name of Al Smith for President. The convention deadlocked over Smith and McAdoo, and Davis was chosen as a compromise candidate.

In 1928, at Houston, Texas, he again named Smith, this time successfully. After the convention, Roosevelt returned to Warm Springs but at Smith's urgent request he came out of retirement to allow the New York State Democratic convention to draft him as the candidate for Governor. He made the race only to aid Smith and help him, if possible, carry New York for the Democratic Presidential nominee.

Smith failed to carry New York but Roosevelt was elected Governor by a plurality of 25,000 votes. On assuming office at Albany, Roosevelt began a constructive program that was to mean much to the State during his two administrations as Governor.

#### ROOSEVELT AND AL SMITH

While Roosevelt was making his heroic fight at Warm Springs, the tide of political fortune surged to a new high-water mark for Governor Alfred E. Smith, and the undertow drew Roosevelt out of retirement into the political current again where he found new impetus to go forward with his ideals of government. The relationship between Roosevelt,

the Dutchess County aristocrat, and Smith, of "The Sidewalks of New York," was one of the most important factors in the Democratic Party for a quarter of a century. They brought color and drama into the record and when they came to the parting of the ways, the entire nation wondered what effect it would have upon the party.

The two met in 1911 when Roosevelt went to the State Senate at Albany for the first time. Smith, then rising to power in the New York Assembly, was a loyal son of Tammany. Both were Democrats but they were on opposing sides on the question of sending William F. Sheehan, Tammany's choice, to the United States Senate. Roosevelt's successful opposition to "Blue-eyed Billy" won the admiration of Smith and they saw much of each other as the years went by. Friends of Roosevelt said in 1918 that Charles F. Murphy, chief of Tammany, asked Roosevelt to run for Governor and he replied by urging Smith as the candidate. In any event, Smith ran and was elected. The two went together to the San Francisco convention in 1920 where Smith seconded Roosevelt's nomination for the Vice Presidency. The following year illness forced Roosevelt out of the political picture. Meanwhile, Smith added to his popularity and his record in the Governor's office brought him so much national prestige that he went to the Democratic National Convention in New York in 1924 as one of the outstanding contenders for the Presidential nomination.

Friends of Smith enlisted Roosevelt in their fight against the candidacy of William Gibbs McAdoo,

of California, son-in-law of President Wilson. Franklin D. Roosevelt appeared on crutches at Madison Square Garden to make the nominating speech for his friend, Al Smith. Roosevelt dubbed Al, "The Happy Warrior," but the nominator was to live to see the day when that appellation might have been more fittingly applied to himself. Roosevelt's speech had an important bearing on the convention, and the fight for a nominee went to 103 ballots before John W. Davis was chosen as a compromise candidate. In the ensuing election Calvin Coolidge won by a wide margin but Smith loomed larger than before as a national figure. Roosevelt was again prevailed upon to make the nominating speech at the national convention in Houston, Texas, in 1928, and that time the Governor of New York met with the favor of the delegates. Smith became the Democratic standard bearer against Herbert Hoover.

Smith's first move in his campaign was to do everything possible toward capturing the forty-seven electoral votes of his home State and he cast about for the strongest possible candidate to run with him on the ticket for Governor. Earlier that same year when friends were anticipating Smith's nomination for the Presidency, it was suggested that Roosevelt be the gubernatorial candidate. Smith is said to have voiced objections and declared: "Being Governor of New York State is a full-time job." He was referring to the fact that Roosevelt was at Warm Springs under treatment. Yet when the Democrats assembled in early autumn to name a candidate,

for Governor, none with any real strength was available. After much confusion and burning of telephone wires to Warm Springs, Smith, with all the pressure his personality could apply, induced Roosevelt to make the race for Governor.

"The real fact is," said Smith, in commenting on Roosevelt's candidacy, "Frank Roosevelt is mentally as good as he ever was in his life. A Governor does not have to be an acrobat."

The 1928 Democratic presidential candidate and his friends were elated. They felt confident that New York State was as good as in the Smith column. Roosevelt toured the State while Smith went around the nation. Smith sentiment seemed strong but on election night, when the returns were counted, the figures told a tragic story for Governor Smith. The Democratic presidential candidate went down to overwhelming defeat after one of the bitterest campaigns in history. Even New York State went against Smith by almost 100,000 votes while electing Roosevelt Governor by a plurality of 25,000. Roosevelt was hailed as "the heir apparent of the Democratic party."

Embittered, Smith declared that he would never run for public office again but would continue his interest in public affairs. That interest was to have been the "directing" of Roosevelt in his course at Albany but the new Governor let it be known that he would choose his own counselors and the opening wedge in the breach between the two men was driven. Roosevelt had no intentions of being a figurehead even for his friend, Al. Immediately upon his

inauguration, Roosevelt began upon the long and constructive program that made his two administrations of inestimable value to the State. He had assumed a great responsibility as New York State is larger than many European countries and no other public office in the United States, except the Presidency, carries with it such a burden of administrative duties and a variety of tasks. From the beginning Roosevelt showed that he had given much thought to the needs of his State.

One of the first things Governor Roosevelt did was to create an Agricultural Advisory Commission that was charged with the duty of finding out how to improve rural conditions in New York and restore the farmers of the State to an advantageous position that would at the same time be helpful to the cities. The commission was bi-partisan with both Democrats and Republicans working together for the good of the State. The findings of this commission were enacted into progressive laws that brought better roads, better living conditions, and a relief to the farmer in lowered real estate taxes. A \$20,000,000 reforestation program that attracted national attention provided for the systematic planting of unproductive and abandoned farms for the future enrichment of the State and relief from the unemployment situation at the time.

#### POLICY AS GOVERNOR

In his first term as Governor, he was insistent that matters that were local, temporary, or expedient were not to be considered without regard to the

good of the State as a whole. Roosevelt's demand was for "orderly and progressive government, based on honesty, efficient administration, humanity, and law." It was a broad policy and one which his political foes described as a glittering generality but from it grew a number of specific instances that could not be confuted. Among them were: creation of an old-age pension system; reform of the entire judicial system of New York State; a new and progressive prison policy; safeguarding of the public interest in the water power of the State; unprecedented agricultural relief laws; equalization of taxes in rural districts; expansion of educational facilities in rural districts; reforestation projects; better roads; public-health legislation and laws intended to better the conditions of the working classes.

It was a legislative program that caused clashes with Republicans and Tammany Hall as well. It opened the way for attacks from the "special interests" and a hostile press. But Roosevelt's record showed that despite opposition he acted at all times without fear, or favor, according to his conscience. In all these contributions to human welfare and social security Roosevelt sought the aid of the best minds in the State, regardless of their political affiliation.

#### "AL" AND "FRANK"

The financial crash of 1929 served as another wedge to drive Roosevelt and Smith farther apart. Roosevelt, always the champion of the common people, definitely became a liberal. Smith, who had

been backed by John J. Raskob, one of the overlords of entrenched wealth, elected the conservative path. It was not a happy choice for Smith, whose great appeal to the masses had been the fact that he was out of the ranks, one of their own. But when the time came in 1930 to elect a Governor, the New York State Democratic Convention at Syracuse found Smith back on the rostrum again placing the name of Franklin D. Roosevelt in nomination for re-election. Smith joked about the number of times Roosevelt had performed that service for him and for a time it seemed as if "Al" and "Frank" were a pair of "Happy Warriors."

The Republican ranks split over the prohibition question that year and when the votes were counted, Roosevelt was re-elected by 725,000 votes. The prestige of Roosevelt had climbed to new high levels. That election was another sore point with Smith for the latter had prided himself on the setting of all-time high pluralities. Roosevelt's plurality was almost twice the highest ever piled up by Smith. It also was the first time a Democrat had carried "up-State" New York as well as New York City.

#### LABOR POLICY AS GOVERNOR

When he began his second term, Roosevelt made a plea for power to extend aid to the unemployed. The Assembly rejected his plea but later he called a special session of the legislators and appeared in person to present the claims of jobless men whose families were suffering from want. As a result of

this demand, the Assembly established the Temporary Emergency Relief Administration to co-ordinate the relief activities of the State, and appropriated about \$20,000,000 for unemployment relief. New York, under Roosevelt, was the first State to take action officially to aid the jobless.

Roosevelt's attitude toward labor while Governor was shown by the legislation he initiated to provide better working conditions throughout New York State. It was best shown in a letter written to him at that time by William Green, president of the American Federation of Labor. The letter read, in part:

"Following a careful analysis of the legislation enacted by the last session of the New York State Legislature under your personal inspiration and leadership, affecting labor and the masses of the people of the State, I am writing to express, officially and personally, to you my deep appreciation of what was accomplished and the great service you have rendered. Labor has very seldom secured the exactment of so many measures which so favorably affect their economic, social, and industrial welfare during a single session of a legislative body.

"Legislation regulating the issuance of injunctions in labor controversies, old-age relief for those who are needy, the extension and more practical application of the eight-hour work day on public works and in public enterprises, the extension of the half holiday on Saturday to women and minors employed in stores and factories, the improvement of the workmen's compensation law, the improvement of factory inspection, prohibition of the importation and sale



in the State of New York of prison-made goods manufactured and produced by convicts in other States, and the enactment of other measures sponsored and approved by labor were passed by the Legislature under your direction and were given your executive approval.

"You deserve the support of labor and of all classes of people who seek to perpetuate our free institutions and who are engaged in preserving our principle of free government through the advancement of the highest and best interest of the masses of the people."

#### THE PARTING OF THE WAYS

After Roosevelt's re-election, Louis Howe, Roosevelt's campaign manager, began preparing the way for the national convention in 1932. The Smith forces, backed by John J. Raskob, then Democratic National Committee chairman, and Jouett Shouse, lost ground steadily. The battle between "Al" and "Frank" brought before the eyes of the nation one of those dramatic political feuds that have defined sharply diverging points of view since the days of Jefferson and Hamilton. Smith, avowedly a candidate for the Presidential nomination, warned the people against any candidate who made a "demagogic appeal to the people" and threatened to "take off my coat and fight." Despite Smith's "stop Roosevelt" campaign, the Governor of New York had a clear majority on the first ballot at the Chicago convention. The lead grew on the second and third ballots and the fourth was a stampede.

## ROOSEVELT NOMINATED FOR PRESIDENT

On receiving news of his nomination, Roosevelt startled the nation and silenced the whispers who charged he was a sick man by chartering a trimotored airplane and flying to Chicago. It was a move that shattered all traditions and precedents in Presidential nominations. Before the wheels of the huge plane grounded on the Chicago airport, Smith, with more bitterness in his heart, left for home. Roosevelt's flight from Albany to Chicago showed his disdain for outmoded political precedent that required a candidate to wait a month before being "notified" of his nomination.

"My friends," he declared at the convention, "may this be the symbol of my intention to be honest and to avoid all hypocrisy and sham, to avoid all silly shutting of eyes in this campaign. You have nominated me and I know it, and I am here to thank you for the honor. Let it be symbolic that in so doing I broke traditions. Let it be from now on the task of our party to break foolish traditions. We will break foolish traditions and leave it for Republican leadership to break promises. I pledge myself for a New Deal for the American people."

Smith took no part in Roosevelt's campaign against President Herbert Hoover until its closing days. Then he went into New England, where his influence was particularly strong, and made speeches for the Democratic ticket. In New York State also he spoke against prohibition and urged the election of the Roosevelt slate. A political war horse

returning to battle best described Smith at that time for his personal feeling was still strong against Roosevelt. From then on the paths of "Al" and "Frank" steadily separated. Roosevelt, after defeating President Hoover, pushed forward with his New Deal for the masses of the people while Smith became more and more identified with powerful industrialists and financiers, eventually becoming one of the founders of the plutocratic American Liberty League.

#### ESCAPES ASSASSIN'S BULLET

Before Roosevelt assumed office, an assassin made an attempt upon his life. An enthusiastic and expert fisherman, Roosevelt was starting on one of his favorite deep-sea fishing trips on February 15, 1933, at Miami, Florida, when five shots were fired at him by Giuseppe Zangara. The President-elect was saved from death by Mrs. W. F. Cross, of Miami, who seized Zangara's arm and diverted the fire from his pistol. Each of Zangara's bullets found a target, unfortunately. Anton J. Cermak, Mayor of Chicago and close friend of Roosevelt's, was fatally wounded and died from the effects a few weeks later. Two other men and two women were wounded but recovered. Zangara's only excuse before he was electrocuted for his crime was that he "hated all rulers."

#### HIS VIEW OF THE PRESIDENCY

Roosevelt's conception of what a President should be was set forth very clearly in a statement uttered

by him in the closing days of his campaign against President Hoover. It explained many of the startling precedents he established when he took over the Presidential reins.

"The Presidency," he said, "is not merely an administrative office. That's the least of it. It is more than an engineering job, efficient or inefficient. It is pre-eminently a place of moral leadership. All our great Presidents were leaders of thought at times when certain historic ideas in the life of the nation had to be clarified. Washington personified the idea of federal union. Jefferson practically originated the party system as we know it by opposing the democratic theory to the republicanism of Hamilton. That theory was reaffirmed by Jackson. Two great principles of our government were forever put beyond question by Lincoln. Cleveland, coming into office following an era of great political corruption, typified rugged honesty. Theodore Roosevelt and Woodrow Wilson were both moral leaders, each in his own way and for his own time, using the Presidency as a pulpit.

"The objective, as I see it, is to put at the head of the nation someone whose interests are not special but general, someone who can understand and treat with the country as a whole. What we need is a common mind, and, even more, common sense to realize that, if we are not acting for the interests of the whole country, we are acting against the interests of every section.

"Every few years the general problems of civilization change in such a way that new difficulties are

presented to government. The forms have to catch up with facts. The radical, in order to meet these difficulties, jumps, jumps in groups, because he doesn't count unless he's part of a group. One group usually differs from another in its program, but they are all equally dogmatic about it. Their characteristic is hard and fast processes, cut and dried methods, uncompromising formulas. Their terms are 'my plan or none.' The conservative says: 'No, we are not ready for change. It's dangerous. Let's wait and see what happens.' Halfway in between is the liberal, who recognizes the need of new machinery for new needs but who works to control the processes of change, to the end that the break with the old pattern may not be too violent.

"Civilization is a tree which, as it grows, continually produces rot and dead wood. The radical says, 'Cut it down.' The conservative says, 'Don't touch it.' The liberal compromises, 'Let's prune, so that we lose neither the old trunk nor the new branches.' The way of change must be an orderly march, avoiding alike the revolution of radicalism and the revolution of conservatism."

## CHAPTER IV

### THE BIRTH OF THE NEW DEAL

**A** CRITICAL condition faced the Nation when Franklin Delano Roosevelt assumed office on that bleak and bitter March 4, 1933. Panic and despair confronted the thirty-second President of the United States. The sparkle of hope had long been dimmed in the eyes of the Nation and it seemed as if he were the leader to protect it from the economic storms that had been buffeting it under a Republican leadership whose only course was fatalistic indecision and the hope that "things would work themselves out." No President ever had so much expected of him. None attempted more in his first four years in office.

President Roosevelt delivered his inaugural address that year in the face of a cold and fitful wind that chilled the spectators to the bone, but his words warmed their hearts, for they brought assurance of a leadership that was willing to face the sharp-edged facts of reality. His address instilled new hope into their hearts and marked him as a champion of all the people, determined to conquer the depression that had brought ruin and near starvation to countless thousands everywhere in the United States.

### PLANS FOR THE NATION

The simplest, and yet the most comprehensive statement of what he planned to do for the Nation,

was made during his first breakfast in the White House, the day following his inaugural. An intimate friend asked him what he proposed to do first as the Nation's chief.

"I have seen the aged and infirm, the poor and the helpless, standing for hours in breadlines waiting for their crust of bread and bowl of thin soup," he replied sadly. "The first thing I want to do is to take them out of those lines, rehabilitate them, feed them, make them happy once more. No nation can ever amount to anything while its people are in want."

#### BANK HOLIDAY

At that time the banks of the country were collapsing like houses of cards in a whirlwind. Faith in our financial institutions had disappeared. A major operation was necessary to save the banking system of the United States and restore the confidence of the people. The first act of the new President was to declare a banking holiday and issue an order closing the doors of every bank in the United States. Every resource at Roosevelt's command was pressed into service to meet the crisis. The result of that heroic act was a banking system that was sounder than at any time since the beginning of the Nation. With the resultant legislation enacted under Roosevelt's direction, confidence was restored, and the people were assured that their savings deposited in banks would still be there whenever they wished to draw it out.

More than 15,000,000 people were out of work, business was at a standstill, railroad cars stood idle

on rusting tracks, and ships were anchored at their piers for lack of cargo. Business leaders, who had gloried in their rugged individualism and resented any governmental interference with private industry, beseeched the President to save what was left of their businesses. Roosevelt not only charted a course for recovery, but he took the people into his confidence in his radio "fireside chats" and told them what he was doing and why. Millions listened to his voice as he spoke in terms which anyone could understand. They were reassured and heartened.

#### PUBLIC WORKS POLICY

Roosevelt succeeded because he had a plan. For years many economists had subscribed to the theory that the quickest way to overcome a depression was to inaugurate a broad program of construction of necessary public improvements. The President, who had directed the gigantic construction of the Navy during the World War while he was Assistant Secretary, knew that public works was the first step toward putting men back to work. Only by putting pay envelopes in their pockets could the frozen wheels of business and industry be thawed and the morale of the American people restored to its former high level. Roosevelt was confident of the outcome and his sublime faith enabled him to ask and receive from the Congress greater powers than any other peace-time President ever received. And his faith was not misplaced, for his program put millions back to work, helped industries out of their stagnation, and brought improvements to every part of the land.



In all but three counties of the entire United States there was at least one necessary and permanent public improvement at the end of Roosevelt's first administration as a result of his works program. That meant that there were hospitals where there had been none before, new school buildings, improved water supply systems, new bridges, sewerage systems, courthouses, power plants, playgrounds, electrified railroads, new roads, and countless other improvements that the communities had needed for years but were unable to obtain.

#### CCC CAMPS

Another problem which the country faced in those black days in 1933 related to the youth of the land. For them there was no future that they could even remotely approximate. Boys and girls, grown tired of living on the vanishing earnings of their parents, set out on the highways in all directions searching for employment which did not exist. In the cities many of these youngsters hung around corners while others took to the road where they joined roving bands, living as best they could. America faced a real danger as far as the youth of the land was concerned. Cities and States were powerless to do anything about the situation, but President Roosevelt saw that unless the future of those boys and girls was protected, there was little hope for the future of our country, as the youth of a nation must always be its most priceless asset. Before taking up any of the other problems that confronted him, the President launched his brilliant plan for Civilian

Conservation Camps. Critics assailed the idea but not for long, as it soon became evident that the CCC was a wise and sound policy. The legislation setting up the CCC was signed by the President twenty-seven days after entering the White House as a temporary expedient, but its outstanding success was such that it was continued until more than 600,000 were enrolled in these camps. The first provisions of the CCC called for only 250,000 unemployed single youths between the ages of eighteen and twenty-five, enrolled for a period of six months at \$30 a month. Out of that money the youths were required to allot \$25 a month to their families. World War veterans were permitted to join as the permanency of the camps became a fact.

The camps cost money, over \$435,000,000 in 1935, but it was money well spent, for it brought self-respect to the more than 1,500,000 men that served an average of eight months each in the 2,500 camps in the United States, Hawaii, Puerto Rico, Alaska, and the Virgin Islands. Unemployed members of the Officers Reserve Corps were given employment for six months as junior officers at the camps, which were run on a semi-military basis. All this employment relieved local and public relief agencies of a great burden that they otherwise would have had to assume. The CCC workers at the same time performed public service that would have cost many more million dollars and taken many years to complete in the ordinary course of events. Among the valuable services performed were a vast amount of tree planting, eradication of plant pests, soil

erosion work, forest fire prevention, actual fighting of forest fires, road and trail construction, and similar projects. The physical benefit to the men themselves was of equal importance. Taken largely from the city streets they found the vigorous life in the open healthful and stimulating. They gained in muscular development and built up reserves of health and self-reliance that stood them in good stead when they returned to their homes. At the same time they acquired a knowledge of the beauties of the forests and the importance of our trees to the future of the country. The men built their own barracks and other camp structures. Their food was purchased in areas where the camps were situated, providing a stimulus to trade there, while clothing procured through the Army provided work for many civilians at the great Quartermaster depots in the large cities. Camp libraries, night schools, recreational facilities and athletics gave the CCC workers the opportunity to improve themselves in ways that were closed to them in their ordinary environment.

#### NATIONAL YOUTH ADMINISTRATION

The National Youth Administration, which was set up under the Works Progress Administration, was a later attempt to aid the youth of the United States in their battle against unemployment. Its major objectives were: to find employment in private industry for unemployed youths; to provide employment for youths of certified relief families at work-relief projects suited to their abilities and needs; to

provide vocational training or retraining for youths without specific trades; and to extend part-time employment to needy college students and small cash assistance to needy high-school students. An apprentice training program also was worked out for certain trades in which a working experience of one to five years was required to attain a journeyman's skill.

#### FAULTS OF THE NRA

The NRA did not work out so well as was expected, for there were psychological problems that could not be determined in advance, no matter how well the whole project seemed when outlined on paper. To many youths it seemed as if they were "studying to go on relief," but future historians writing of that and other movements will see it as just another incident in the broad scheme to improve a general economic condition and make life better for the average citizen everywhere in the Nation. At least Roosevelt in those trying times did something affirmative for the country and in the space of days brought the country back on the road to recovery to a remarkable degree.

#### THE FIRST 100 DAYS

Those first hundred days in the White House were unlike anything else in the political history of any nation. On March 9, less than a week after he had become President, Roosevelt convened the Seventy-third Congress in special session. Within thirty minutes after the House of Representatives had organized, a message was received from the President

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asking for emergency banking legislation, approval of executive action already taken, and provision for a formula for the resumption of banking business. Before eight o'clock that same evening the measure had passed both the House and the Senate. The Democratic Party was in control of both the House and the Senate, but the Republican minority disregarded its privilege and subordinated partisan considerations for national policy. The passage of this bill through the Congress was typical of other measures that were to follow. There was some debate and some dissension but the progress of legislation was steady. The result was certain.

Measures, each providing a definite function in the mechanism of directed recovery, came from the President in rapid order, in most instances each accompanied by a Presidential message explaining the plan and purpose of action. Seldom was more than one project presented at a time, and opportunity to consider the legislation thoroughly was afforded before another was presented. The legislation, almost in its entirety, was based upon the recognition of a national emergency—a declaration of war against the depression. In view of that grave situation, normal consideration of constitutional powers was relegated to the background and thought of constitutional limitations did not enter into the picture. President Roosevelt was granted broad powers that approached dictatorship, but he exercised those privileges only with the idea of applying speed in devising remedies for a serious situation that was without parallel in our history.

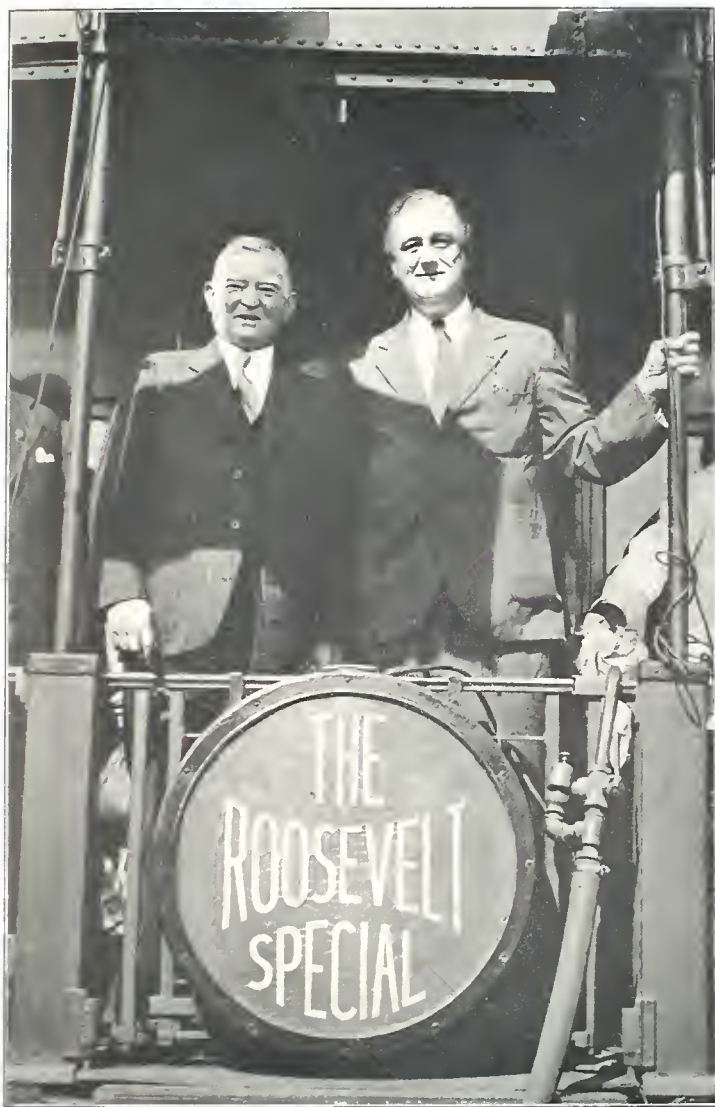
The record of that extraordinary session showed that a score of major bills had been enacted into laws with only sixty hour's debate being given to all of them in the House and Senate. One of the most important of these measures, the Emergency Relief Act, appropriated \$500,000,000 for direct relief to the unemployed. By November of that year, upwards of 15,000,000 persons were on the relief rolls throughout the country but the trend was toward work-relief and away from the enervating "dole." In the famous hundred days of its sitting the special Seventy-third Congress and President Roosevelt, battling against the depression, appropriated from public funds a total of more than \$4,500,000,000.

#### FIRST LAWS ENACTED

Among the laws enacted by that special session of Congress were: the Emergency Banking Act, providing for the temporary solution of the bank crisis, including authority for the President to order the return of all gold to the Federal Treasury and the prosecution of "hoarders"; the National Industrial Recovery Act, one of the two main props for furthering the New Deal, which was designed to regulate and control industry through imposed codes; the Agricultural Adjustment Act, the main objective of which was the restoration of a par between the prices received for their products and the level of prices for commodities bought by the farmer; the Economy Act, reducing Congressional salaries, authorizing reorganization of the administrative service, and reducing war service compensation;

the Home Owners' Loan Act for direct relief of burdened home owners; the Emergency Railroad Transportation Act, providing for the ultimate merger of the railroads into three great systems; the Farm Credit Act; the Muscle Shoals Act; the Tennessee Valley Development Act; the Securities Act; and the setting up of a National Employment Service. During the session there were 6,558 bills and resolutions introduced in the House and 2,019 in the Senate, of which forty-four Senate bills and thirty-three House bills were passed in addition to ten joint resolutions.

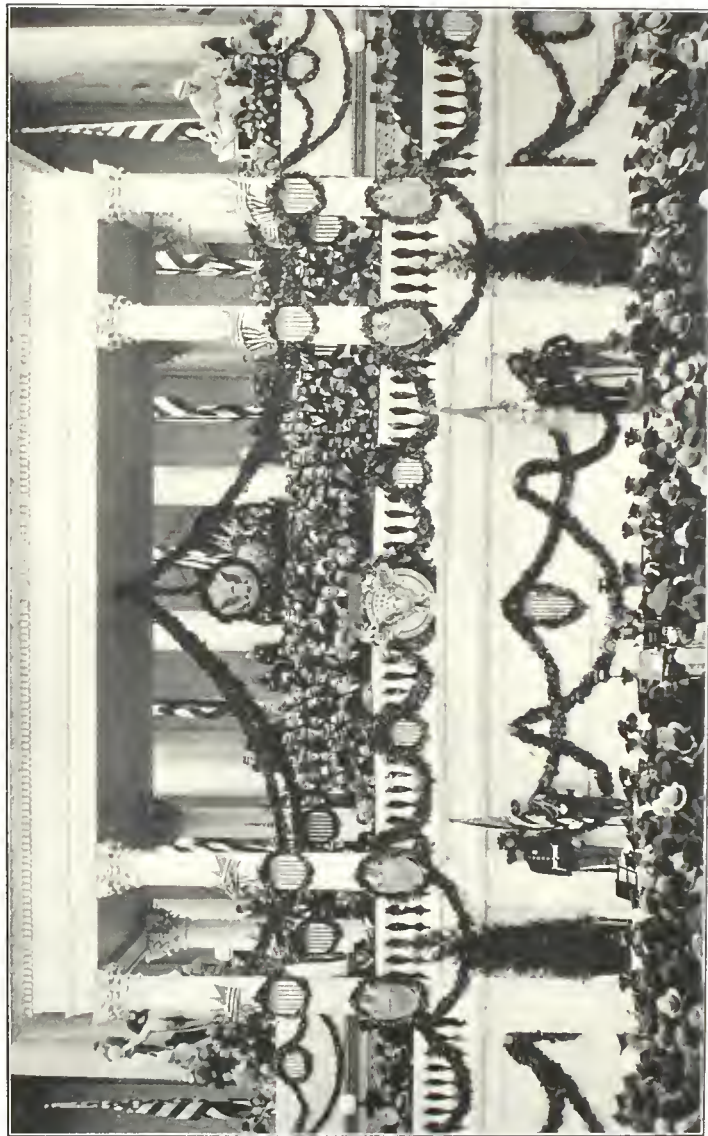
Throughout the welter of that legislation and the multitude of other bills that followed during his first administration, the President retained perfect health, revealing a stamina to stand up under a strain that caused the whole world to marvel. A lesser man would have bowed down under the burden, spiritually if not physically. Where his predecessors had suffered breakdowns in less trying situations, Roosevelt thrived on the diet of hard work. At the end of his four-year battle against the terrific forces of depression, his physicians found his heart action better than most men many years his junior and his general condition such that he was able to out-think and out-work his associates. His remarkably good health was attributed, in a large measure, to his state of mind, which enabled him to put aside the cares of the day when it came time to rest. His ability to relax and smile was criticized on the ground that he smiled "too much," but that was another reason why he was able to stand the strain.



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President Franklin D. Roosevelt and Vice-President John N. Garner in their first campaign, on the rear platform of their train at Topeka





*© Underwood & Underwood Studio*

**President Roosevelt delivering his inaugural address, March 4, 1933**

Roosevelt's fishing trips, his cruises on the Potomac, the White House movies, and visits to his Hyde Park home were other means of relaxation to keep him from getting too immersed in work. In the White House he kept up his physical training against his laggard muscles by swimming in the pool regularly. Ordinarily in those work-outs, the President used the breast stroke, but he had developed a crawl stroke while fighting the ravages of paralysis at Warm Springs. His swimming served as a substitute for walking and he did not care for motoring except for necessary trips around Washington. An early riser, the President always shaved himself, dressed, breakfasted, read the morning newspapers and did a lot of telephoning before his secretaries arrived for the daily morning conference. After the day's work was discussed, the President went to the Executive offices where he remained at his desk until nightfall.

Luncheon was brought to his desk in an oven on wheels and invariably one or two guests were invited to join him. Secretary of the Treasury Henry Morgenthau, Jr., Roosevelt's Hyde Park neighbor, and Secretary of the Interior Harold L. Ickes, were frequent guests and affairs of State were discussed, for the luncheons were never regarded as social events in any sense of the word. After the meal the President resumed his appointments with various visitors and on that score, it was said, he saw more people personally than any other President in our history. As the day progressed, the President went through the huge pile of official correspondence, memoranda, and other papers that required his

attention. Often he undertook work that never should have come to his desk at all. After dinner President Roosevelt could be found again at his never-ending task and the evenings were often reserved for conferences with Senators, Representatives, or administrative officers. Generally, it was nearly 11 P. M. before he decided to retire, and when there was an especially pressing problem, he worked on until one and two o'clock in the morning before turning out his light. Some of his evenings, however, were devoted to his stamp collection, and like many a youngster, he sat mounting his specimens in his albums. His mother started the collection when she was a small child. As Franklin grew to boyhood and displayed an interest in it, she gave it to him. With 5,000 different stamps in the collection, Roosevelt described it as "large rather than valuable."

#### ROOSEVELT'S HOBBY

Roosevelt's hobby of collecting stamps explained the interest he displayed in the many new commemorative issues put out by the Post Office Department during his first administration. The furore that was set up when Postmaster General James A. Farley gave the President and his friends some sheets of imperforate stamps of the National Parks issue was quieted only when similar sheets were issued for wider distribution. Every new design, however, was submitted to him as an expert. One issue, commemorating the Boulder Dam, was late in coming from the presses and it did not seem that it would be possible to put the stamps on sale before

the dedication of that magnificent public work because of the difficulty in getting a design that was satisfactory to the President both in form and color.

Another of the President's hobbies was the collecting of pictures of ships, particularly the sailing vessels of bygone days. The walls of his study and bedroom were covered with these pictures, many of them exceedingly rare. He also had a fine collection of ship models. The Hudson River Valley as it was in the days of his ancestors was another subject that found expression in a collection of prints depicting that area.

In his private and personal life, the President was devoted to his family and took great pleasure in being with his children and grandchildren. He had a profound interest in religion but he never made any public display of his worship. For years he was senior warden and an active supporter of the Episcopal Church in Hyde Park and while in Washington he attends Saint Thomas' Episcopal Church.

#### HIS LOVE OF TRAVEL

President Roosevelt loved travel and did more of it than any other incumbent of the White House. In his first four years he traveled more than 100,000 miles, 80,000 by rail and 20,000 by water, a record which not even Theodore Roosevelt equaled in his time. As a man of simple tastes he enjoyed going about to meet people and to mingle with them on an informal basis away from the panoply of his high office. At the same time, it enabled him to observe and gather information at first hand, a policy in

which he was not only a firm believer but one which he urged upon his associates. When traveling by rail the President had a preference for *The Pioneer*, a private car owned by the Pullman Company. The officials of the company, knowing his feeling about the car, were usually able to place it at his disposal, but there were times when this could not be done. On his trips, the President was always accompanied by his valet, Gus Gennerich,\* former New York City policeman, and a detail of Secret Service men, who kept guard over him day and night. Also on the train would be a postal inspector to handle the great volume of official mail. In addition there were always present secretaries and clerks from the White House staff and newspapermen and photographers. The latter traveled in a separate compartment car and paid their own expenses. The President's expenses on official trips were paid out of the White House travel fund but while making his campaign against Governor Landon, the expense was borne by the Democratic National Committee.

While traveling, the President dispensed with official formality and relaxed. He retired earlier than usual and also arose earlier. A few minutes' chat at breakfast and the President set about the work of the day. Official business was disposed of first and then his attention was given to writing or revising a speech he was scheduled to make. On his campaign tours, these speeches often numbered three and four a day, but despite that he worked over each

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\* Mr. Gennerich died suddenly at Buenos Aires, Tuesday evening, December 1, 1936.

one personally. Roosevelt thrived on travel and always returned to the White House invigorated and refreshed. Veteran newspaper men, assigned to cover his activities, came back drooping from fatigue and eager to rest for at least a month. The President, however, after one or two full days in the White House, was ready to start off again on another whirlwind tour.

#### ROOSEVELT AND THE PRESS

In his conferences with the representatives of the press, President Roosevelt developed a medium of expression such as none of his predecessors tried to achieve. Other Presidents found the press conference an excellent means of sending up trial balloons on questions of policy, but it remained for Franklin D. Roosevelt to use these meetings as the means of reaching the people without speaking directly to them over the radio or indirectly through a formal statement. When the Supreme Court ruled out the National Industrial Recovery Act, Roosevelt let it be known that he wanted the public to know how he felt about it. A radio address would have been interpreted as a rebuff to the Supreme Court and a formal statement could not have answered the many questions in the public mind. Through the press conference he supplied the newspaper correspondents with vital information and at the same time delivered his message. With nearly two hundred reporters crowded in his office, he withstood their barrage of questions without resorting to notes. He explained the principal points of his

message, sometimes digressing in a manner that would have been impossible in a formal statement. Every reporter was given the opportunity to question any statement made by the President, and he went to extremes to satisfy their curiosity, for the newspaper men who cover the White House are probably the best informed men on political history in the country, and in addition have decided opinions of their own.

The press conferences became free and open forums for a time under President Harding, following the long Presidential silence caused by World War censorship and Woodrow Wilson's illness. These conferences ceased because Harding's advisers felt that he talked too much on matters about which he was not so well informed as his interrogators. That led to the rule that all questions must be submitted to the President in advance for him to answer, if he chose to do so. The correspondents felt that such conferences were a waste of their time. Finally they seemed to have been done away with permanently at the end of President Hoover's administration, when all conferences were canceled.

President Roosevelt knew that the best way to obtain favorable publicity was to be pleasant to the newspapermen. Unlike some of his predecessors who made confidants of a few of the older correspondents and welcomed them as friends in the White House outside of office hours, President Roosevelt received few writers for individual talks and confined his social contact with them to a minimum. The result was that the President was given a direct

outlet for his views and they were in the news before any criticism could be obtained. The conferences also revealed the underlying motives behind the President's administrative actions, something that no other President ever cared or dared to reveal.



## CHAPTER V

### SOCIAL ISSUES

**T**HE BLUE EAGLE, the symbol of the National Recovery Administration, or as it was better known, the NRA, held a bolt of lightning in one talon and a cogwheel in the other. The shaft of lightning was prophetic, for the NRA plan came down upon the country like a flash in a summer storm a few weeks after President Roosevelt began his residence in the White House. It created considerable excitement throughout the nation for two years and then suddenly stopped when the Supreme Court ruled it unconstitutional. President Roosevelt admitted that the Blue Eagle had too much power in its wings and that some of the criticism directed against it was justified, but that it accomplished much good, for it did establish the first governmental agency under which workers were given the right of collective bargaining against unscrupulous employers. That right was continued under the Wagner Labor Act after the death of the Blue Eagle.

There was no hint of NRA in Roosevelt's first campaign for President. In his inaugural address he declared: "Our greatest task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part through direct recruiting by the Government itself." In May, 1933, Roosevelt sent a message to



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The President in a happy mood at one of the famous press conferences in the Executive offices



© Wide World Photos, Inc.

From the White House on October 24, 1935, President Roosevelt delivered his memorable address to the nation on the Mobilization for Human Needs



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**The C. C. C. at Camp Fechner, Big Meadows, Va., cheering the President as he and his party enjoyed a luncheon at the camp**



© International News Photos, Inc.

**Sing it with smiles. The President and Governor Lehman with the American Legion Glee Club at the Democratic State Convention, Syracuse**

the Congress asking for legislation to set up machinery to obtain wider re-employment, shorten the working week, pay better wages for fewer working hours, and prevent unfair competition and disastrous overproduction. The National Industrial Recovery Act was the result. It passed the Congress on June 16, 1933.

#### GENERAL JOHNSON AND THE NRA

General Hugh S. Johnson, a colorful, hard-hitting, and clear-thinking executive, was named as the administrator of this great experiment. He had been in Washington for two months quietly working out plans for the hundreds of code hearings that were to follow. These hearings brought the greatest influx of industrial leaders to Washington that the capital has ever seen. The General saw at once that the first thing to do was to codify one of the major industries as an example for others to follow. Night and day Johnson and his aides labored, and, by July 9, the textile industry had signed its code. But even before that, there were complaints against section 7A of the recovery act, which gave employees the right to collective bargaining through representatives of their own choice. That was the very crux of the situation, as many employers and Roosevelt recognized that fact, for in approving the NIRA he pointed to section 7A and commented: "Workers here are given a new charter of rights, long sought but hitherto denied."

Labor unions, with their great opportunity at hand, began recruiting and were met with opposition

on the part of employers, many of whom were purposely delaying signing any contract with the workers. Roosevelt then put forth his blanket re-employment agreement setting forty hours as the maximum working week. With this agreement the Blue Eagle came into being. It was hung in the windows of every shop, store, and factory signing the agreement. The symbol was placed upon everything manufactured under this code. It was a powerful bid for workers to align themselves with President Roosevelt and purchase only from employers who had signed up under the Blue Eagle.

General Johnson's staff rose to 5,400 persons and worked with all the feverish activity of a war-time emergency machine. The blanket agreement was dropped by some 600 industries which signed up under codes worked out by Johnson's department. It was estimated that the 600 codes covered more than 22,000,000 workers while supplying jobs to 4,000,000 others at the same time.

Then the tidal wave of protest began, as General Johnson predicted it would. Employers began to fight unionization of their plants, and strikes spread like a prairie fire throughout the country. Suits were filed against the act and employers began to defy the codes for their industries. It was the "hail of dead cats" predicted by Johnson.

#### THE BROOKLYN POULTRY CASE

The NRA was strictly an emergency measure and Congress meanwhile planned to make it permanent legislation, but before a new act was written, the

Supreme Court received the case of a Brooklyn poultry firm charged with eighteen violations of the Live Poultry Code. General Johnson dubbed the proceedings the "Sick Chicken Case." The code provided that purchasers of live fowls could not pick and choose from a crate of birds, but should take them as they came from the crate. In a decision on May 27, 1935, the Supreme Court ruled all codes unconstitutional on the ground that too much power had been delegated to the President and that the Congress and the President together had attempted to go beyond the limitations of Federal power to regulate interstate commerce, thus invading the rights of the States.

#### THE WORK PROGRAM—WPA

The Works Progress Administration, better known as WPA, was the New Deal's greatest effort to put men back to work. Throughout the nation wherever one went were to be seen the red, white, and blue signs with the legend: "U. S. A.—Work Program—WPA." The signs were a symbol of work, building, progress, and rehabilitation of men who had long eaten the bitter, deadly fruit of unemployment. In the rush to provide a livelihood for the millions of jobless, mistakes were made and the reactionaries immediately seized upon them to hurl charges of "boondoggling," squander, and waste of public funds. On the other side of the ledger, however, were the facts that 3,000,000 men and 400,000 women found a pay envelope and self-respect as the alternative to the dole while 170,000 communities were given valuable

and long-needed public improvements that were sponsored by the municipalities and partially paid for by them.

To American business the pay envelopes of the 3,400,000 who found employment under the WPA in the first 18 months of its existence, meant a mighty stream of purchasing power. A less tangible benefit, but probably the most important from the standpoint of the nation as a whole, was the preservation of American morale, the providing of work for those anxious to work and to whom the enervating dole was something of which to be ashamed.

The WPA actually made a profit on the help it gave the United States Treasury in checking up on delinquent income tax returns. When drought struck twenty-two States in the summer of 1936, the WPA was ready with machinery to step right in and put the drought victims to work on water conservation and well-digging projects. There was no delay when delay would have meant utter ruin. But much of this valuable work was ignored by the newspapers and instead, the editors hammered away at the so-called white-collar projects, such as the Federal theater, the WPA orchestras, and mural painters. Such projects were easy to criticize and the public unthinkingly swallowed the criticism whole. The critics would have these men starve just because they were artists, actors, and musicians.

There were and will be weak spots in a setup such as WPA, but the task of putting over 4,000,000 men to work in the space of a few months was an achievement that was not equalled even in the days of the

World War. The cost of administration of this employment force, according to WPA officials, was only four and one-half per cent, a figure that private industry rarely equals in the administering of its affairs.

#### BOONDOGGING CHARGES REFUTED

One of the WPA projects that drew the fire of the Republican press was the "\$25,000 Memphis Dog House." Speaking in the Senate, Senator Hastings, of Delaware, declared he could live in as handsome a house as was built for the stray dogs of Memphis. A movie was made of this particular dog pound and it was used as propaganda against Roosevelt in the 1936 campaign. It was made to look as if the administration were looking for places to throw money away—until the facts were examined. The first was that \$25,000 was not an exorbitant price to pay for a dog pound with clean runways and quarters to keep them healthy until they were claimed by their owners. The project was promoted by the city of Memphis and it cost only \$19,000, of which the city contributed \$6,000. Memphis sorely needed a pound, as it had many stray dogs, and in three years more than 1,500 persons were bitten by "strays." In addition, of all the dogs picked up by the municipal authorities, it was found that 372 were suffering from rabies. Even if only the life of one child was to be saved by that pound, it would have been worth the cost many times over. Construction of the pound provided work for fifty-three men during a two months' period. That was one of the most famous boondoggles "exposed" by the Republican

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headquarters, and in a large measure it was typical of the falsity of the criticism directed against WPA projects in the main. But every time the Republicans attacked the WPA, they piled up many more votes for Roosevelt in his second campaign.

#### HARRY L. HOPKINS AND THE WPA

The WPA work as it was fashioned under the direction of Relief Administrator Harry L. Hopkins was not the brush-cutting, leaf-raking project of the early days of furnishing quick relief to the unemployed. Congress provided a fund of four billion dollars for work relief together with an additional \$800,000,000 for administration of the projects. Less than half of the four billion, according to Hopkins, was spent for providing quick jobs, and the remainder was used for social improvements to better the labor situation permanently. The cost of providing work on the WPA program was about \$75 a month for the average person while the cost of the dole was about \$50 a month.

"That does not seem to be too great a difference," Hopkins explained, "when you consider that we are eliminating the supposition that a man can sit at home and do nothing except receive a money gift each month, and that we are restoring morale and keeping trained hands busy producing, so that men will not forget their trades and become permanent charges on the public. We now say to an able bodied person 'Instead of giving you relief in the terms of a grocery order or cash, we offer you an opportunity to work on useful public projects, for a security

benefit on which you will make somewhat more than you are receiving on relief. You will be producing, not becoming a hopeless idler, and you will keep your hand in trim for your trade.'

"We are putting our might and main into this job that is bringing a fairer deal for those on whom the real brunt of economic disruption has fallen—men and women, competent to earn a living and support their families, to whom the bread of charity is bitter and who have heretofore been denied the God-given right of earning their bread by the sweat of their brows. There is much that is new in our present technique. There ought to be after our years of experience, but the idea with which we are working is not new. Since we got well under way, we never had less than 2,000,000 people working on relief jobs."

The President's objective in work-relief, Hopkins said, was to have 3,500,000 men at work at the peak of the WPA program. That point was very nearly reached, and for nearly a year there was little complaint, but the money spent on the projects to keep them at work dwindled. The jubilant cheers over Roosevelt's re-election had hardly died away before WPA officials found it necessary to cut down the number by 425,000 persons. The reduction, they explained, was necessary, as there were only sufficient funds unallocated to carry on for about two months, or until the new Congress could be asked for more funds. The situation was one that provoked bitter comment throughout the country, as many communities had come to rely for relief on Federal

assistance and many thousands of workers and officials felt that this phase of governmental spending was their vested right. The President, however, as evidenced by everything he said and did, had no intention of taking the Federal Government out of relief activities, or even to change his basic policies on the subject. Neither did he propose indiscriminate dropping of workers from the rolls. His approach to the relief problem from the beginning was that employable persons, who through no fault of their own, are unable to find opportunities to work in private industry shall be supplied these opportunities through governmental activities. Nor did he ever propose that work relief be abandoned.

#### PRESIDENT'S AIM IN WORK-RELIEF

The President's attitude toward work-relief was to reduce the relief rolls and relief costs as the workers were absorbed by private industry. The dropping of the 425,000 from the rolls was the result of a survey of the work-relief lists in each State to determine the curtailment that might be made.

When Congress appropriated an additional \$1,425,000,000 for work-relief in June, 1936, it was estimated that it would last until June 30, 1937, the end of the fiscal year, but this calculation was upset by the drought with its unexpected burden of \$300,000,000 costs and by the failure of private industry to meet expectations in taking men back into its ranks as quickly as had been anticipated.

The nation was assured, however, that it would not go back to the days of the Civil Works Adminis-

tration, the swiftly moving program begun in 1933 for which Congress appropriated \$950,000,000. Out of that sum, \$802,699,271 was expended by the time CWA suspended operations about six months later in 1934. The assurance against such relief was voiced by the President in his message to Congress on January 4, 1935.

"I am not willing," he declared that time, "that the vitality of our people be further sapped by the giving of cash, of market baskets, of a few hours of weekly work cutting grass, raking leaves, or picking up papers in the public parks. We must preserve not only the bodies of the unemployed from destitution but also their self-respect, their self-reliance, and determination."

The result of that message was the WPA by an executive order of the President and it was charged with the "honest, efficient, speedy, and co-ordinated execution of the work-relief program as a whole, and for the execution of that program in such a manner as to move from relief rolls to work on such projects or in private employment, the maximum number of persons in the shortest time possible."

#### SECRETARY ICKES, PUBLIC WORKS ADMINISTRATOR

Working at the same time on another salient against unemployment was the Public Works Administration, which was set up with Secretary of the Interior, Harold L. Ickes, as administrator. It had originally been created under the NRA and continued by the Emergency Relief Appropriation Act of 1935. As President Roosevelt explained:

"The object is to spread those public works relatively in proportion to the need in the various parts of the country, and to get people started on work which will use the largest percentage of actual labor and the smallest percentage of expenditures that do not go into labor."

The PWA was granted \$3,300,000,000 under NRA and an additional \$847,472,328 under the emergency relief acts of 1935 and 1936, so that all told PWA had at its disposal a total of \$4,567,586,057 up to that time to carry out its objectives. As a result many communities were benefited with permanent improvements which they could not have undertaken by themselves without the imposition of heavy taxes on the people. At the same time the unemployed were given work.

Grants of \$610,000,000 by PWA, to the end of 1936, brought into being a non-Federal program in which the communities bore a share of the cost amounting to \$2,110,000,000. Strictly Federal projects, such as the completion of Boulder Dam and Mississippi flood control, accounted for \$1,557,681,565, and in addition the PWA loaned \$201,424,500 to railroads for improvements and new rolling stock, and advanced \$130,937,289 for low-cost housing projects.

#### MEANING OF NEW DEAL IN INDUSTRY

One of the clearest definitions of the New Deal in industry was given by PWA Administrator Ickes, a former Republican, who as a fledgling Chicago lawyer in 1897 enlisted in the Herculean task of

cleaning the Augean stables of politics in his home State. Ickes, who measured up as one of the most outstanding men ever to hold a Cabinet post in Washington, had this to say about the function of government:

“Government has never been an end in itself, but only a means to an end, that end being the highest possible welfare of the people. The government of the United States was organized and is maintained not for the particular and exclusive benefit of any one class, but for self-protection from foes from without and from exploitation from within by the selfish and ruthless. . . .

“Ever since Alexander Hamilton wrote his report on manufactures, the government of the United States has recognized that it has duties to perform in connection with private industry. But the line which separates the sphere of private business from public activity has never been easy to draw. From the beginning we offered no opposition to any private efforts to reinvigorate the economic life of the country, but we were confronted with the confessed helplessness of private business. Our intervention was demanded by these apostles of private industry. In response to their demand, the NRA was set to work. Business asked us to remove the “unnecessary restraints of the Sherman Anti-Trust Laws,” and pleaded with us to allow it to impose rules and regulations for the conduct of private business. Such price-fixing and production-control regulations as found their way into the codes got there almost exclusively at the demand of business

men themselves. The disappointing results of NRA cannot be laid at the door of government; the responsibility lies with business.

“No responsible thinker continues to believe in the natural recovery of our modern economic system; direct governmental action of one sort or another is demanded on all sides. The doctors disagree not about the necessity for medicine but about the type of remedy which is necessary. Every few days some self-appointed dictator of private business pretends to lay down the terms on which the government of the United States should be carried on. These self-elected spokesmen demand that we balance the budget. That is the goal which this administration has set itself and which it is now approaching. But what of the national balance sheet showing national expenditure and national income. This is more nearly balanced today [1936] than it has been for six years, and that is the true measure of the prosperity of the people. ‘A nation, like an individual, must live within its income,’ say these would-be economists. Save for a very few exceptions, our people have no income if they do no work. In the same way a nation’s income is measured by the work it does. Our efforts have been devoted to restoring the national income from the catastrophic level to which it fell in 1932. A recent report issued by the Department of Commerce shows our success. The national income produced is at last within striking distance of the income paid out. This rising national income means that without additional taxes, government receipts will rise, while at the same time

governmental expenditure on relief will fall as unemployment falls. This road of rising receipts from an increased national income is the only one that leads to a balanced budget and it is the road we are on.

"This administration seeks less, not more, regimentation. It is only the sophist who interprets every new law as an addition to regimentation. Most of our liberties originated not from the absence, but from the presence, of laws, and this is as true of the liberties of business men as it is of our personal liberties as citizens. Throughout our history our government has acknowledged the duty to concern itself with business. Hundreds of printed pages of hearings before Senate and House committees bear witness to the fact that business men are continually asking the government to interfere with the conditions under which they operate. The extension of governmental activity has been a characteristic of American growth. Fire departments, highway systems, education services, public health and sanitation, all tend to become public enterprises, and the regulation of private utilities is accepted. Governmental activity in one form or another has always been called in when private enterprise has failed to meet the need. That is still the test.

"This administration is not driven by dogma to encroach upon private business, but while we are not fatalistic believers in the virtues of State action, neither are we under the illusion that rugged individualistic enterprise is sacred. It must meet the historic test. Does it provide for our national needs? Is it producing the goods?



“What of the future? Is our vision so limited and so uninspired that we see nothing ahead except a return to those conditions that we called prosperous prior to 1929? Or shall we, chastened in spirit by our narrow escape from a social and economic cataclysm that seemed to engulf all of us in a common disaster, really set to work to build on this continent such a nation as the humane and socially minded of our Founding Fathers saw in their dreams—a nation consisting not of a numerically small class holding most of the wealth of the country, with sixty per cent or more lacking adequate food and clothing and shelter, but a nation which, except for that mere handful of misfits and derelicts that are constantly sloughed off, every social group shall be composed of citizens who are economically free because they possess the means of supplying themselves with those things that make life worth while and who are therefore truly politically free?”

#### ROOSEVELT'S LABOR POLICY

President Roosevelt in the final speech of his campaign for re-election outlined his position with regard to labor. He spoke of higher wages, minimum hours, and the elimination of child labor and unfair competitive practices. He declared that he would continue fighting for these principles, the same ones he had tried to embody in the NRA under the Blue Eagle. Business men themselves, after election, talked of forming voluntary NRA's. One of the notable instances being Peter Van Horn, president of the National Federation of Textiles, who called for a

conference of textile executives to organize cooperation with government and labor. The board of directors of the National Retail Dry Goods Association, with 5,600 member stores that sell five billion dollars worth of goods annually, announced a plan for a voluntary agreement containing many provisions of the former NRA retail code. It would seek maximum hours, minimum wages, elimination of child labor, eliminate deceitful advertising and labeling, and establish a criterion for minimum prices. They also would have model laws which they would ask the separate States to enact and enforce. Many officials at Washington felt that it would be "ideal" if the ends of the NRA could be attained by business, industry, labor, and the consumer working among themselves, but if that approach failed, the Government and the Congress should take action "to provide for the basic objectives of the National Recovery Act."

## CHAPTER VI

### SOCIAL SECURITY, WHAT IT MEANS

**T**HE SOCIAL SECURITY ACT is an attempt to do something about those economic powers that move in ill-defined cycles to force depression and all its attendant evils upon the people. The act makes provision for the granting of Federal funds to the States for the care of the aged, dependent children, and the blind, and for insurance against unemployment. Utopia? Nothing but common sense.

#### NOT A NEW IDEA

Social security is not a new idea and it is the more to our shame that we have delayed these many years before moving to oppose these economic reverses. Other nations of the world are far ahead of the United States in battling this important economic problem. Von Bismarck, the founder of the German Empire, nearly fifty years ago launched a plan for social security. The Iron Chancellor, who could hardly be called the precursor of radicalism, was only putting into effect sentiments that had been uttered by statesmen before him.

In view of the Red charges that were splashed across the New Deal, it is of more than passing interest to go back to those days of imperialistic Germany and quote Prince von Bismarck. He said: "The State must take the matter in hand, since the State can most easily supply the requisite funds.

It must provide them not as alms but in fulfilment of the workers' right to look to the State where their own good will can achieve nothing more."

That might have been lifted out of a speech by President Roosevelt in 1936, but the Iron Chancellor uttered it in 1871. Yet Roosevelt was branded as an agent of the Reds for voicing similar opinions. At the turn of the century, John D. Rockefeller, Sr., tried his hand at starting old-age pensions. Rockefeller had an idea that would have meant much to this country, but the nation failed to listen.

In these days, almost anything may be insured. A strawberry festival on the church grounds may be insured against bad weather as easily as the boxing promoter takes precautions against the rain spoiling his big outdoor show. Cyclone, tornado, fire, and theft insurance are common. The dancer insures her shapely legs and the violinist takes out financial protection in the event of damage to his hands. But there was no insurance against losing your job, or old age, until President Roosevelt declared that this country should make a start in the field of social security.

#### JOB INSURANCE

Every worker has seen a fellow worker discharged. The unfortunate had no protection against it and if he happened to be old, there was nothing in the future for him except his savings, if any. Unemployment spread like disease in those gray days starting in 1928 and 1929.

Take, for example, the true case of a factory where it became necessary, because of overproduction,

to reduce the number of workers. The factory head let the men go gradually at the rate of twenty a week until one hundred had been dismissed. The average worker in that factory earned around \$30 a week; but time went on and there was no re-employment. The direct effect of his dismissal was that he was compelled to stop buying. The germ of his unemployment was passed on to others, the retailers and wholesalers of all commodities that the man and his family needed. It was a virulent infection. Multiply that average worker several million times and the result is appalling. We have ways and means of fighting physical contagion, such as tuberculosis, typhoid, and scarlet fever, but in a short-sighted way we have overlooked the worst of all diseases.

The epidemic had spread through the land before any thought was given to the situation. We had to wait until President Roosevelt came to the White House before a beginning was made in social security. As might have been expected, there were varying comments on his pronouncements. On the one hand there were those who hailed it as a plan by which America was to lead the world. The others branded it as a form of Communism. Both were wrong.

#### OLD AGE AND UNEMPLOYMENT

Before the United States recognized its obligations to its citizens, more than a score of important industrial nations had legislation of one kind or another to care for the aged and the unemployed. Germany had old-age pensions as far back as 1889, and of all

the legislation enacted during the glorious days of the Prussian Empire, practically all that survived the stress of losing the World War, of finally being subjected to a stern dictatorship was the law on social security. That, in itself, is sufficient indication that henceforth social issues must always be one of the important considerations of our legislators. The basic form may change but the principle is immutable. Great Britain followed Germany's example in 1908, Poland in 1911, Holland and Sweden in 1913, Spain in 1919, and France in 1928. Similar legislation also was adopted by the Soviet Union and most of the smaller nations of Europe. In this country even, twenty-eight States, acting within the limits of their own territory, passed old-age pension laws prior to the national enactment, Montana as far back as 1923.

Most of the systems adopted abroad were compulsory and the classes of workers required to participate in them were broader than the American plan. In Great Britain, for example, all salaried employees receiving less than 250 pounds a year were included. France applied its law to all wage earners who did not make more than 18,000 francs a year in cities over 200,000, and 15,000 francs elsewhere, with an additional 200 francs added for each child. Italy's system applied to all wage earners under 800 lire a month, while Germany included all workers.

#### EARLY RUGGED INDIVIDUALISM

But in the United States, our forefathers, rugged individualists all, had their own ideas about security

in their old age. A large family, with several, strong husky sons, was regarded as sufficient insurance against the bitter winds in their declining years. Medical and physical science entered the picture, statistics show, to prolong the life of the old people. No longer was ripe, old age a blessing bestowed upon persons with wrought-iron constitutions. And then, too, ideas of families changed: a son and a daughter usually married into a similar family only to find it necessary to scratch for their own living without being able to provide anything for their parents. Vital statistics reveal that in 1850 only one in about every thirty-five persons was over sixty-five, while in the present day one in every fourteen is past sixty-five. Only half of these elderly persons are employed, even in boom times, and then seldom at manual labor.

One of the reasons why this country was slow in catching up with the rest of the civilized world in social security was because the need was not so obvious. With our seemingly unlimited resources and vast unsettled areas, there appeared to be more than enough to care bountifully for everyone for generations to come. The worker received a considerably higher wage than his foreign cousin, and on the face of it should have been able to build up a saving against periods of unemployment and for his old age. The depression forced home the great need of social legislation. It emphasized clearly that unemployment was the infection that brought on social distress. In other generations illness and old age were the principal causes. Conditions, of course,

were different then, and among primitive races the age problem was solved by the simple expedient of throwing the old people into the nearest river when they were no longer able to fish and hunt or otherwise contribute to the common store.

#### LOOKING TO THE FUTURE

With an increasingly large number of people unable to save anything out of their wages for the proverbial rainy day, it became a national problem to correct and prevent the fear of insecurity that gripped a large part of the population. In those countries where social insurance had been tried, it was an issue for the whole nation that had no bearing whatever on partisan politics. Leading European statesmen credited social insurance with being the stabilizing factor in preventing industrial disturbances in the trying times that came with the end of the World War, and also with having kept home markets very near the level of normal times. But trade and industry were not the only beneficiaries. Vastly more important was the effect of this legislation on public health. Prior to the inauguration of a social program in Great Britain in 1908, between fifteen and twenty per cent of the school children were the innocent victims of malnutrition. The improvement from that time on was steady and despite the depression in England, the British Ministry of Public Health reported that less than one per cent malnutrition was found among the children. The United States with its wide-spread public health services presented a sorry picture by contrast. Here



the Department of Labor found malnutrition on the increase, reaching as high as twenty and thirty per cent in some sections. The influence of this on the generations who must guide the future destiny of this country is too obvious to require comment.

#### SAFETY FOR THE FUTURE

The rugged individualists who reached their peak under the Republican administration of Herbert Hoover believed that a feeling of security on the part of the worker would have a demoralizing effect upon the nation as a whole. They were willing that the people should suffer in Spartan silence. Practical application of social legislation over half a century, however, has forever blasted the theory that the worker needs the spur of insecurity to produce good work. On the contrary, leaders in industry and statesmen were unanimous in the opinion that a feeling of safety for the future was the greatest benefit socially and economically. Every country, except Russia, continually extended the protection to the worker after it once had been shown the great advantage of caring for the individual before he suffered the deteriorating mental and physical effects of prolonged unemployment.

In this connection the past afforded an interesting analogy between men and machinery. The manufacturer during periods of unemployment went to considerable expense to keep his machinery in good working condition until production would start again. But there was no consideration for waste and deterioration in the man who was to operate that

machine. And yet from the standpoint of the community, the waste in human values was far more costly in the end than a corresponding neglect of machines. The economic health of the country demanded that this waste be checked in the United States as it had been in other countries.

#### SECURITY ACT ADOPTED

President Roosevelt signed the Social Security Act August 14, 1935, and it was one of the outstanding issues of the Presidential campaign a year later. Republicans and Democrats fought over the intent, extent, and application of the law. Some of the fight was carried to the pay envelopes of the workers where printed messages attempted to portray the act as a "robber tax" on wage earners. Whatever objection was raised to the Act only helped to make the average worker social-security conscious. Labor leaders, the Social Security Board, and others pointed out that nowhere did the objections to the Act state that the employees in return for their contributions were to have pensions paid to them as a matter of right upon attaining retirement age. William Green, president of the American Federation of Labor, came to the defense in a nation-wide broadcast in which he described the Social Security Act as the sort of legislation "for which workers have petitioned and prayed for years."

President Roosevelt was even more emphatic in his denunciation of these tactics. He said:

"No employer has a right to put his political preferences in the pay envelope. That is coercion, even

if he tells the whole truth. But this propaganda misrepresents by telling only half the truth. Labor and a fair-minded public must place such tactics in a class with the coercion of the strong-arm squad and the whispering of the planted labor spy. This pay envelope propaganda has one clear objective—to sabotage the Social Security Act. To sabotage that act is to sabotage labor. For that act, as you know, was worked out with labor and enacted with the active support of labor. Why do these employers seek to repeal the Social Security Act? Because under the act they have to pay far more than half of the insurance given to the workers.

#### PROVIDES TWO KINDS OF INSURANCE

“Get these facts straight. The act provides for two kinds of insurance for the worker. For that insurance both the employer and the worker pay premiums—just as you pay premiums on any other insurance policy. Those premiums are collected in the form of the taxes. The first kind of insurance covers old age. Here the employer contributes one dollar of premium for every dollar of premium contributed by the worker; **but** both dollars are held by the Government solely for the benefit of the workers in his old age. In effect we have set up a savings account for the old age of the worker. Because the employer is called upon to contribute on a 50-50 basis, that savings account gives exactly two dollars of security for every dollar put up by the worker.

“The second kind of insurance is unemployment insurance—to help the worker and his family over

the difficult days when he loses his job. For the unemployment of the worker, the employer under the Federal law puts up the entire premium—two dollars. The benefits of this insurance go one hundred per cent to the workers—none to the employer. But the premiums for this unemployment insurance so far as the Federal Government is concerned are paid one hundred per cent by the employer. Now let us add it all up. Beginning January 1, 1937, for every one dollar which the worker is asked to put into an old-age account for himself, employers are required under the Federal act to contribute three dollars to protect the worker from both unemployment and old age. That is, the worker contributes only one dollar to his old-age security; he contributes nothing to his security against losing his job. But at the same time the employer has to put up two dollars for unemployment and one dollar for old age. Three for one!”

#### OLD-AGE BENEFITS

The Social Security Act falls into two general divisions. In the first are the sections dealing with old-age pensions and unemployment insurance, while in the second are provisions for aiding the States in the care of the disabled, the blind, the homeless, dependent children, public-health work, and vocational rehabilitation. Old-age pensions are of two classes. Each State must provide a plan for its needy aged, and after that plan has been approved, the State then receives a grant from the Federal Government which may run as high as fifteen dollars

a month for any individual. In other words it would be possible for an aged person to receive thirty dollars a month, as the Federal Government will match the State's allotment up to fifteen dollars. Anything beyond fifteen dollars must be paid by the individual State. This old-age assistance is not a compulsory feature of the act.

Actual old-age benefits, and these were the ones that caused all the controversy, represent an income tax on workers in certain classes and an excise tax upon their employers. That provision is the only compulsory part of the act. Regardless of how much a wage earner may receive for his work, only \$3,000 of it is subject to this levy. Under it, workers will receive varying amounts from ten dollars up to eighty-five dollars a month on retiring from employment at the age of sixty-five. However, it is not required that any worker quit his job when he reaches the retirement age. He may go on working but his monthly benefit checks will not start coming in until he has quit work.

#### UNEMPLOYMENT COMPENSATION

Under the unemployment compensations of the act the Federal Government imposes an excise tax on all employers of eight or more persons except those in the exempt classes; that is, agriculture, maritime service, domestic service in private homes, public employment, and charitable work. For 1936 the tax was one per cent of the pay roll, two per cent for 1937; three per cent for 1938 and thereafter. This tax is levied upon every employer

in the United States but it will be collected in full, however, only in those States which have no unemployment insurance law meeting the minimum requirements outlined in the act. A State which has a law conforming with the requirements profits in two ways. First, employers may get a ninety per cent credit against their Federal tax for all contributions made to the State unemployment compensation fund; and second, all proper costs of administering the State law are paid by the Federal government.

The unemployment pensions are handled directly by the State governments. If there is no unemployment insurance in the State, then the workers get nothing. Therefore, it is to the advantage of every State to set up a system of unemployment insurance. Under this feature of the act, every State could set up a different code of insurance, but up to the beginning of Roosevelt's second term less than a score had such laws.

#### STATE INSURANCE

The Security Act provides that the State unemployment insurance laws must meet five general requirements. These are:

1. Compensation must be paid through public employment offices or other approved agencies.
2. No compensation must be paid within two years from the date of the first contributions.
3. All collection for the fund must be paid into the United States Treasury to be managed by it.
4. All money withdrawn must be used solely for compensation, exclusive of administrative expenses.

5. Compensation shall not be denied an otherwise eligible worker for refusing to accept work: (a) because the position offered is due to a labor dispute; (b) because wages, hours, or conditions of work are substantially below the prevailing one; (c) because a company union is required; or (d) because refraining from joining another union is required.

Most of the State laws which have been passed provide for unemployment compensation for a limited time after an uncompensated waiting period and at rates limited to subsistence levels. Generally, the rates provide only a meager cash allowance, the highest being in Utah of eighteen dollars a week, but it comes to the worker as a right and not as a dole or a matter of charity. The length of time which the unemployed insured individual is compensated in the various States is strictly limited, ranging from ten to twenty weeks. The length of time is usually dependent upon the length of previous steady employment. The period the individual must wait after losing a job varies from one to four weeks, but with the lone exception of Wisconsin, which had an unemployment insurance law in operation several years before the Federal act, compensation could not start until January 1, 1938.

The unemployment insurance provisions of the Social Security Act are much more uncertain than the old-age pension provisions because it is possible to work out the latter on an actuarial basis.

The ability to make payments under an unemployment insurance law naturally depends upon the demands made upon it, but in a period of rising

prosperity such as marked Roosevelt's re-election, it can be counted upon to build up strong reserves. On the other hand, a prolonged period of unemployment would destroy the solvency of any fund. It has been estimated, however, that if unemployment insurance had been set up in 1922 for the entire country with four-week no-compensation periods, three per-cent pay-roll contributions, and fifty per-cent payments with a fifteen dollar maximum, the fund would have remained solvent and paid benefits in full up to the end of 1933.

#### GOVERNMENT RECORD OF EARNERS

To keep all the provisions straight, the Federal Government set up the largest and most elaborate bookkeeping system in its history. Approximately 26,000,000 wage earners must be indexed under the old-age pension program. For each one the Government must keep a record of all employment after January 1, 1937, until the final closing of the account, which would be on the death of the person involved or when he reached the age of sixty-five. This procedure far exceeds the work of the Veterans' Administration with its files of 4,000,000 who saw service during the World War.

Each wage earner must be credited with all wages on which payments have been made by himself and his employer, and the records of men with like names must not be confused. Every wage earner is assigned a lengthy serial number, which furnishes a key to the worker's name, the date of his birth, sex, color, and the date of the filing of the application.



At any time anyone coming within the scope of the Social Security Act may find out any information desired by furnishing his account number to the Social Security Board.

All the money paid in by the worker and his employer goes to the Internal Revenue Bureau, which turns it over to the Treasury, where it is put into a reserve account. The Secretary of the Treasury is responsible for this money, and is authorized by law to invest it only in Government bonds, or in bonds guaranteed both as to principal and interest by the Government. Another stipulation is that these bonds must pay at the rate of three per cent if taken over by the fund at par, otherwise must be acquired in the open market at a price that will yield at least three per cent annually. Each year the Secretary of the Treasury is to furnish the Director of the Budget with estimates of the amounts needed to meet all the benefit requirements for the year. That estimate of requirements is to be included in the budget and appropriated by the Congress.

The system makes no provision for administrative expenses, as all these expenditures will come under general expenses of the Government. It is because of the subsidy and the fact that no profits are needed, that the Government can pay higher monthly benefits than insurance companies in proportion to the amount paid in. Under the Social Security Act it is expected that the amounts paid in during the first forty-five years will exceed the amounts paid out in benefits. That will be due to the fact that the largest beneficiaries will be those

who pile up the most earnings by the time they reach the age of sixty-five. The youngest workers, therefore, will accumulate the largest totals.

#### SECURITY RESERVE FUND

It is estimated that the total reserve fund will reach the enormous sum of \$47,000,000,000 by 1980 and that will present the biggest problem of the Social Security Act. When it reaches such a peak, there will not be enough Government bonds in which to invest it. The Social Security Board has been studying the problem with the idea of recommending changes in the law. That huge reserve provided opponents of Roosevelt with a strong argument and they declared it held a danger and temptation to Government spending. John G. Winant, Chairman of the Social Security Board, answered the argument by saying that talk of a \$47,000,000,000 reserve was a hobgoblin to frighten the unwary. Winant, the only Republican on the board, pointed out that that system could easily be changed after five years of experiment during which the reserve would not exceed \$4,000,000,000.

Another objection to the old-age benefit provisions of the act was the fact that it only provided for 26,000,000 workers, or only about one third of the adult population. That was answered by the statement that when the self-employed, farmers, professional people, storekeepers, and others, were deducted, the 26,000,000 actually comprise two thirds of those employed by others and dependent upon wages for a living.

The act also was attacked by those who believed that a social security program should be left entirely to the individual States. That argument, however, was purely parochial and was not aimed at any of the main features of the act.

Against all objections it should be recorded that the framers of the act did not claim that they had a perfect instrument for correcting social evils. They felt only that they had made a noteworthy beginning on the right road and that the rough spots could be smoothed out as they were encountered.

## CHAPTER VII

### SOCIAL SECURITY, HOW IT WORKS

**O**LD-AGE PENSIONS, the most important provision of the Social Security Act, affect the future of every wage earner in the United States, provided that they did not reach the age of sixty-five before the effective date of that portion of the act, January 1, 1937. The unemployment insurance feature of the law became effective as the various States enacted that type of legislation. The various phases of Federal assistance to the States in caring for the needy aged, the blind, and the dependent children were contingent upon the States taking the initiative in the matter.

#### SOURCE OF PENSION FUND

The old-age pensions are based entirely upon wages earned but only wages up to \$3,000 a year are counted. A worker might earn \$10,000 a year but his pension would be based on the \$3,000 figure. The benefits total at least three and one-half per cent of the worker's earnings, within the scope of the law, from 1937 until he reaches the age of sixty-five. In some cases the benefits will amount to more than three and one-half per cent. After January 1, 1942, the men and women as they reach sixty-five will receive a Treasury check, ranging from \$10 to \$85 a month, every month for the remainder of their lives.

In the event of death the balance goes to their families. Those who become sixty-five between January, 1937, and January, 1942, will receive a lump sum amounting to three and one-half per cent of the sum earned up to the time they reach the arbitrary retirement age. Every worker, except certain exempt classes, and those who have reached the age of sixty-five years, will come under the act regardless of whether he has a million in the bank or is behind in his instalments on his third-hand automobile. So will the girl who chooses to work after she gets married.

The money to provide for this general welfare will come from three sources, the employers' pockets, the workers' pay envelopes, and from the interest the Government will earn by Congressionally guarded investments of the first two sums. Some employers, before the law became effective, indicated that they considered it good business to pay both the workers' share and their own. That attitude on the part of employers is, perhaps, one of the most significant signs of the realization of the fact that if we are to attain a high order of civilization, these less tangible human values must be secured. Sociologists have long held the opinion that freedom from anxiety about the possible loss of employment, more freedom from care about possible sickness, and some escape from the dread of penniless old age is bound to be reflected in the production of employees, thus producing dividends for the employer that could not be obtained in any other way. Too many employers, however, are slow to do anything for human welfare unless there is a gain, or at least a saving, in dollars and cents.

## EXEMPTED CLASSES

Under the Social Security Act the following nine classes of workers are exempted:

1. Agricultural labor.
2. Domestic help in private homes.
3. Casual labor not in the course of an employer's trade or business.
4. Service as officer or crew of a vessel documented under the laws of the United States or of any foreign country.
5. Service for the United States.
6. Service for a State or its political subdivisions.
7. Employment by non-profit institutions organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.
8. Self-employment.
9. Employees of the railroad industry who are subject to the railroad pension act.

Outside of those classes each worker will pay one per cent of his yearly earnings below \$3,000 for the years 1937, 1938, and 1939. The next three years, 1940, 1941, and 1942, the payments will be at the rate of one and one-half per cent. Between 1943 and 1945, inclusive, the payment will be two per cent; the next three years another one-half per cent brings it up to two and one-half per cent. Beginning in 1949 the payment will be three per cent until the worker reaches the age of sixty-five. The employer will match dollar for dollar the amount paid in by the

employee. The Government promises to pay at least three per cent on both sums.

#### PART-TIME WORKERS

A worker employed in such a way as to have part-time employment in one of the exempted groups and also to have part-time work elsewhere would come under the provisions of the old-age pension system for that part not excluded by the law. For instance, a man might work three days a week on a farm and three other days in a near-by factory. Only that portion of his factory labor would come within the limitations of the act. On the other hand, a man might work for two employers and receive up to \$3,000 a year from each. In that case, his wages would be computed on the basis of \$6,000 a year. In every case, however, the earnings to be counted must have been earned in at least five different calendar years after December 31, 1936, and before the age of sixty-five. The act does not interfere with any private pension system of which a worker may be a member. He may continue in it and may draw any benefits he has coming from it without being deprived of his government benefits in any way.

#### BENEFITS

The amount of monthly benefit to which an eligible individual is entitled is computed as follows: one half of the first \$3,000 of total wages from employment between December 31, 1936, and the date of the individual's sixty-fifth birthday, plus one twelfth of one per cent of the next \$42,000 of his total wages,

plus one-twenty-fourth of one per cent of any amount by which his total wages exceed \$45,000. This gives an important advantage to the lower-paid workers and those in middle age at the beginning of the act. The primary purpose of the Social Security Act is to prevent destitution in old age and to permit people to retire at sixty-five. The higher-paid employees, the only ones whose total wages will amount to \$100,000, will receive less benefit from their higher wages although the same tax is paid.

#### AMOUNT OF BENEFITS

The table, page 106, shows the monthly benefits the worker will receive from the Federal Government after January 1, 1942.

As an example of how the system works, take a worker who is thirty years old in 1937, and whose wages from employment under the old-age benefit provisions will be \$2,000 each year until he is sixty-five. At the end of the thirty-five-year period the total of wages would be \$70,000 and this amount would be the basis for computing his monthly old-age retirement benefits. He will be entitled to a monthly retirement benefit of \$60.42.

A worker who is twenty years old in 1937, whose average wage is \$3,300 until he is sixty-five, furnishes another example of the working of the system. If this annual wage is solely from one employer in any one year, only \$3,000 of his annual wages will be counted to determine his benefits. With average wages of \$3,000, his total wages for forty-five years would amount to \$135,000, which would



TABLE I

*Monthly Benefits Payable for Special Total Wages as Defined for the Purposes of Title II of the Social Security Act.*

Total wages	Monthly rate of benefit			
	0.5 per cent of first \$3,000	$\frac{1}{2}$ per cent of next \$42,000	$\frac{1}{4}$ per cent of all over \$45,000	Total
\$2,000.....	\$10.00	.....	.....	\$10.00
\$2,500.....	12.50	.....	.....	12.50
\$3,000.....	15.00	.....	.....	15.00
\$3,500.....	15.00	\$0.42	.....	15.42
\$4,000.....	15.00	.83	.....	15.83
\$4,500.....	15.00	1.25	.....	16.25
\$5,000.....	15.00	1.67	.....	16.67
\$10,000.....	15.00	5.83	.....	20.83
\$15,000.....	15.00	10.00	.....	25.00
\$20,000.....	15.00	14.17	.....	29.17
\$25,000.....	15.00	18.33	.....	33.33
\$30,000.....	15.00	22.50	.....	37.50
\$35,000.....	15.00	26.67	.....	41.67
\$40,000.....	15.00	30.83	.....	45.83
\$45,000.....	15.00	35.00	.....	50.00
\$50,000.....	15.00	35.00	\$2.08	52.08
\$60,000.....	15.00	35.00	6.25	56.25
\$70,000.....	15.00	35.00	10.42	60.42
\$80,000.....	15.00	35.00	14.58	64.58
\$90,000.....	15.00	35.00	18.75	68.75
\$100,000.....	15.00	35.00	22.92	72.92
\$110,000.....	15.00	35.00	27.08	77.08
\$120,000.....	15.00	35.00	31.25	81.25
\$130,000.....	15.00	35.00	35.42	85.00

<sup>1</sup> Maximum monthly benefit.

entitle him to the maximum benefit of \$85 a month.

A man who was fifty-five on January 1, 1937, and his total wages amount to \$18,000 before January 1, 1947 will receive, beginning with his sixty-fifth birthday and his retirement, a benefit of \$27.50 a month.

## PROVISIONS FOR DEATH OF INSURED

In the case of death the law provides for those who die before reaching the age of sixty and those who die after that time. For example, if a man's total earnings were \$52,000 at the time of his death at sixty-four, one year before his official retirement age, his estate would receive a three and one-half per cent of that amount or \$1,820. If a worker dies after reaching sixty-five, the law provides that there shall be paid to his estate any amount by which the total monthly benefits paid fall short of three and one-half per cent of his total wages. In the foregoing case, if the worker had lived four months beyond sixty-five and his total wages amounted to \$54,000, his estate would receive a lump sum of \$1,890, less four monthly payments, or a net of \$1,675. But if he had lived on for three years after his retirement, his estate would receive nothing as the total monthly payments in the three-year period would have been \$1,935, a sum in excess of three and one-half per cent of his total earnings.

## NO PAYMENTS UNTIL RETIREMENT

The Social Security Act provides no monthly payments until the worker retires. Should a worker reach the retirement age and continue to work, he is merely deferring the monthly payments. The individual loses nothing of his equity in the retirement fund because if death occurs after sixty-five and before quitting his job, his estate will receive a full three and one-half per cent of his total earnings up to the time he reached sixty-five. There is one important

stipulation that should be noted. Retirement means only the quitting of a job in the included industries. A man who worked in a factory, could upon reaching the arbitrary retirement age go to work on a farm for wages. He would then collect both his farm earnings and also his old-age benefits at the same time. Any time, however, that he went back to work in an industry which is taxed under the Social Security Act his benefits would stop until he retired from such employment.

Under the setup of the Social Security Act, the first \$3,000 of earnings is worth as much in building up benefits as the next \$17,000 and the first \$20,000 is equivalent in benefits to the next \$50,000. The purpose of this is to build up a sizable benefit for low-salaried workers and has the same effect for individuals who have only a few years to go before reaching the retirement age. If it were not for the larger benefit rate for the first few thousand dollars, both the low-paid employees and the middle-aged, the ones for whom the Social Security Act was designed, would receive little benefit from it. At the same time, there will be some workers who will spend only a comparatively short time in the eligible industries and they will need the chance to earn in a relatively short span of years a benefit sufficient to permit retirement.

#### LOWER BENEFITS TO YOUNG WORKERS

As designed, the Social Security Act purposely provides lesser proportional benefits to the younger and to the higher-paid workers. Most workers, at 20,



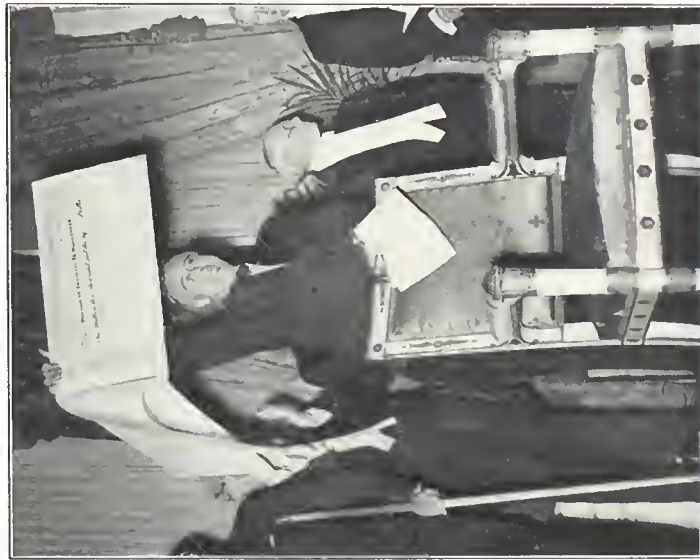
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**Scene in the Executive offices when the President signed the Social Security Act, August 14, 1935**



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**The Philippine Constitution, granting freedom to that new Island Republic, is signed in the presence of distinguished officials**



© *Krylon-Vision Company*  
 With a broad smile the President is holding aloft a check for more than a million, the Nation's birthday gift to the Warm Springs Foundation



© *International News Photos, Inc.*  
 In Tupelo, Mississippi, the President made an address. Tupelo was the first town to purchase power from the Tennessee Valley Authority

have just started their working career and with forty-five years ahead of them in which to pile up retirement benefits, they have a reasonably good chance of accumulating total earnings in excess of \$129,000, which would provide them with the maximum benefit of \$85 a month. All during the later years when their monthly benefits are increasing only at the rate of one-twenty-fourth of one per cent, they will be having three per cent of their wages just the same as the low-paid worker who gets higher proportional benefits. At first glance, this might seem to be unfair to the younger men but they will receive three advantages. With the withdrawal of older workers from the labor market, the opportunities for employment will increase. Promotions will be hastened by the retirement of the older workers, and the financial burden of supporting elderly relatives will be considerably lightened.

Most State laws excluded the needy from old-age assistance when financially competent children or grandchildren can assume the responsibility for their support. This means that prior to the Social Security Act the younger workers were required to provide for their aged relatives. After 1942, the aged who qualify for monthly benefits from the Federal Government will have incomes of their own, and the younger members of their families will be that much better off financially.

In the case of an employee receiving part of his compensation in the form of living quarters and meals, the act provides that cash value of all such additional compensations shall be considered as

wages. The usual taxes must be paid upon them, and they are computed at their cash value in building up the total wage figure on which monthly benefits are based.

Those past sixty but not past sixty-five on January 1, 1937 must pay the Social Security tax until they reach retirement age. If they die or retire before January 1, 1942, when the monthly payments begin, they will receive three and one-half per cent of their total eligible wages in a lump sum. That amount will be considerably more than they contributed.

#### BENEFITS SAFEGUARDED AGAINST THE LAW

Every legal safeguard is placed around the benefits which the Government will pay. The individual cannot transfer or assign these payments to anyone else. No creditor can attach these payments and no judgment may be taken against them in court. Neither are these benefits subject to any bankruptcy or insolvency law. In the case of death, the payment, if more than \$500, must go to the estate. If it is less than \$500, the Government may pay it directly to the person it finds entitled to it without complying with any laws regarding administration of estates. No matter how much the individual may be in debt at the age of sixty-five, the Government has taken every precaution to make certain that creditors cannot take away the security of old age by seizing any of these funds to satisfy their claims.

The employer will deduct the employees' tax from the pay rolls and is responsible for seeing that it is paid to the Government. There are penalties for

failure to pay the tax, and the Bureau of Internal Revenue will see that there is no dodging them. An employee losing his job need not notify the Government. His former employer will simply fail to send in any more for the account of that employee. When the employee obtains a new job, he merely gives his employer his name and Security account number. The employer then sends along the payment the next time it becomes due. The act applies to all eligible working persons without regard to their citizenship. Native-born, naturalized, and aliens are treated alike. In the case of women no distinction is made whether they are single, married, or divorced. If a single woman marries and stops work, the money accumulated for her is kept in her account until she reaches the age of sixty-five or dies. For example, a stenographer who before her marriage has worked in a commercial office for at least five years after December 31, 1936, is eligible for benefits. If during her office experience her wages amount to \$6,500, that amount will be carried in her old-age benefit account until she becomes sixty-five when she will be entitled to \$17.92 a month. Wages need not be continuous or distributed over a long period of time.

Other important features of the Social Security Act, in addition to the needy aged, are those providing assistance to dependent children under sixteen and to the blind.

#### DEPENDENT CHILDREN

According to estimates, there are more than a million dependent children in the United States. In



caring for them in their own homes, the Government feels that it is making a wise investment in its future citizens. Normal home life in childhood is the right of every child, but if these million dependents are to grow up in their own homes, assistance must be provided so that their families will not be broken up by poverty. Where the family is self-respecting and child-loving, keeping children in their own homes has three great advantages:

"It is cheapest for the State," according to officials of the Bureau of Public Assistance, "because families do not engage in the work of caring for children for profit. It has been found from experience that it actually costs less to care for a child adequately in his home than it does in an institution. There will always be some children who, because of their own needs or the conditions in their homes, will be better off in institutions. But where this is not true, the State will fulfil its obligation more effectively and more economically by giving assistance to the child in his own home.

"It is best for the mother or for the relative who is willing to assume a parent's responsibilities, because it gives a definite measure of security and the opportunity of planning ahead during the child's growing years. Even where individual grants are small, they are regular, 'something to count on to see the children through.' The mother can feel that, in doing a good job with her children, she is making her full contribution to society.

"It is best for the child, because a good home gives security and happiness for the present and sound

experience on which to build his future. It offers the nurture and discipline which only love can supply, the give-and-take of doing and sharing with others, and the sense of solidarity and of 'belonging'—all of which make a solid bedrock for character and good citizenship.

#### HOME FOR EVERY CHILD

"In the Children's Charter, drafted in 1930 by the White House Conference on Child Health and Protection, the United States put itself on record as standing squarely behind the ideal of 'a home for every child and that love and security which a home provides.' The Social Security Act offers a practical plan whereby Federal, State, and local governments may work toward this goal."

There are forty-six States, two territories, and the District of Columbia that have "mothers'-aid" laws and the provisions of the Social Security Act are an outgrowth of the experience with these laws over a quarter of a century. Needs and resources vary in different States, and under the law every State is given the opportunity to set up a plan in line with local conditions.

The plan as outlined by the Bureau of Public Assistance is as follows:

"To States with approved plans the Federal Government makes grants for aid to dependent children equal to one third of the State's total expenditures both for assistance and administration, estimating its contribution on maximum monthly payments of \$18 for the first child and \$12 for each additional child

in the same family. These figures simply place an upper limit on the amounts taken as the basis for computing Federal grants. The State is entirely free to set its own rate of individual payments, either higher or lower; they may be made to depend upon the needs and resources of the family and the funds which State and local governments will be able to provide with Federal aid. Family budget estimates, on which aid to dependent children is most satisfactorily based, reflect the varying cash outlay which must be provided for in different kinds of communities. In a big city, for instance, the 'cash cost' of living is higher than in the country, where a family may pay little or no rent and can perhaps raise some of its own food. Large cities have, therefore, usually provided for their dependent children on a budget geared to the high cost of city living.

"Aid to dependent children under the Social Security Act has often been called a plan for State-Federal co-operation. In reality the co-operation it demands works not two ways, but three. The local aspects of the program are even more important than the State or national aspects. Not only are counties or other local units often called upon to share the cost, but, whether this is the case or not, local administration is the final test of how well aid to dependent children is living up to its own standards. The local administrative agency stands on the firing line where the 'plan' and the people meet. Its staff members make the personal contact with the child and his parent or guardian. They must decide on his application, not in the abstract but in the reality of all

his needs and circumstances. To do this intelligently, they must know intimately the community in which he lives, and they must understand what aid to dependent children means in terms of real human needs. Above all, they must be sufficiently experienced and competent to safeguard the program in its actual application and to see that it is efficiently managed.

#### DIVISION OF RESPONSIBILITY

“The strategic position of the local agency makes it an equal partner with the State administration and with the Federal Board in this three-way co-operation. All three share the responsibilities and the opportunities of this expanded program of aid to dependent children.”

Exactly the same factors that apply to the needy aged, except age qualification, apply to the needy blind. The Government's contribution matches the State's dollar for dollar, up to fifteen dollars a month. At present, there are twenty-three States with approved laws giving assistance to the needy aged, the blind, and dependent children. Twenty other States give one or two forms of aid and only five have failed to qualify in any way for public assistance grants for the needy aged, the needy blind, and dependent children. These States are Georgia, Kansas, Nevada, Tennessee, and Virginia.

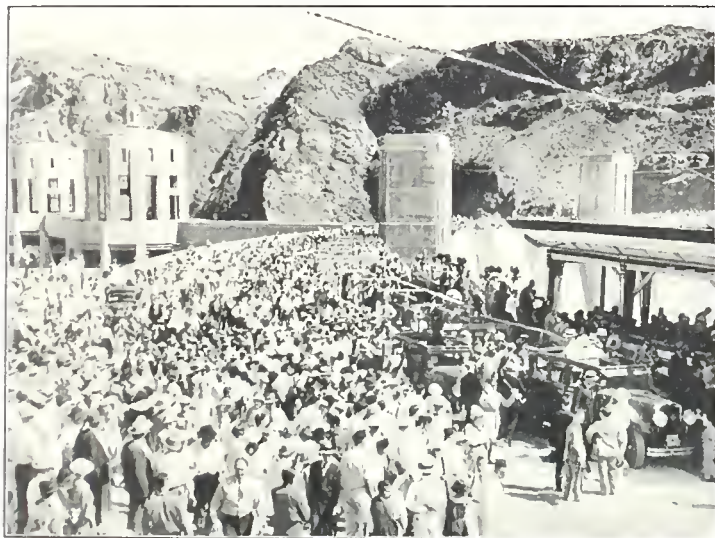
In less than a year the Federal Government paid out \$79,937,000 to aid 800,000 needy aged in forty-two States, while in twenty-seven States more than 25,000 needy blind qualified for aid and were given

a total of \$3,092,000 during 1936. Approximately 100,000 families in twenty-seven States were given \$8,204,000 for the care of dependent children. All this money was paid directly to the States as a Federal-aid contribution, and its distribution was left to the States, subject to the approved provisions of their laws.



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Hat in hand, the President waves to the throngs that gathered to welcome him as he arrived to inspect the site of the Grand Coulee dam



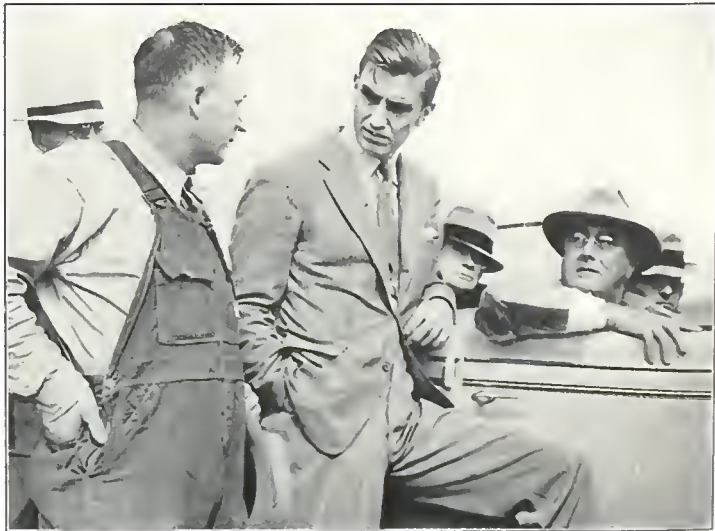
© International News Photos, Inc.

Puny cameras grind while the engineering marvel of the age is dedicated by President Roosevelt—Boulder Dam



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**F. D. R. chats with a miner in Wheeling, W. Va., while young America sits on his lap**



© Wide World Photos, Inc.

**Farmer Meeker of North Dakota tells his story of the drought to two very much concerned listeners, the President and his son**

## CHAPTER VIII

### TO SAVE THE NATION'S FARMS

**A** COLORFUL pageant marked the first 300 years of that section of the North American Continent which now comprises the United States. The westward march from the shores of the Atlantic Ocean provided one of the most stirring periods in the history of man's progress toward civilization. Countless stories, songs, and poems were written as many races coming from other lands battled their way to make a foothold and a good living on our primeval acres. There were the Pilgrims learning from the Indians the trick of adding phosphate to the soil by putting a fish in each hill of corn. There were the wagon trains struggling through the winding paths in the Appalachians. The resources seemed endless.

### MAN MOVES WESTWARD

And if that were not enough, there was the great trek across the lush prairies, teeming with grass, buffalo, birds of all kinds, and game. Then came the great drive over the Rocky Mountains and the Sierras. There were virgin forests, unchanged since the beginning of time save for the changes Nature herself had wrought. Those pioneers found precious metals, gold and silver. The rush to wrest these valuables from the earth was as thrilling as any accomplishment every recorded by man. The



opening of coal, iron, and copper mines was an equally vivid page. Behind these pioneerings came the building of great railroads and highway systems. Farms with countless acres of golden grain sprang up in the wilderness. Ranches with millions of heads of cattle sprawled over the rich grazing areas of the plains. The land, rich and unspoiled, returned a great bounty to the people.

It was a mellow and abundant life that produced a self-reliant and generous character, the American. Yet that American made a grave error. He took all from this once virginal continent; in other words, he plundered her resources and stripped them to the bone, causing damage that was to wreak its vengeance in no uncertain terms. The friendly and bountiful Nature turned to strike with droughts, floods, soil erosion, and fire to avenge the carelessness of man. The dust storms that whirled over thousands of miles robbed the soil of the fertility that might have been turned into subsistence for man in the shape of bread and meat. And agronomists have estimated that every inch of topsoil, which man can destroy in a decade, takes 400 to 1,000 years to produce! The floods each year carried away millions of tons of this fertile soil that Nature had spent centuries in making. The result was man-made deserts, a future that threatened vast areas of our country.

#### NATURE'S THREAT

The fact that Nature would ultimately rebel against such ravishing was recognized by farsighted scientists as far back as 1873, but it was not until

1891 that the first national forest reserve was established. Reservoir sites on public lands were taken away from private control about the same time. President Theodore Roosevelt was the first to wage an aggressive campaign for conservation of the land. That was in 1907, but few took the time to realize the urgency of the situation.

It needed the floods in the Mississippi in 1927, the repeated droughts in the 1930's, and the nation-wide floods of 1936 to force the situation home to the public. With the whole surface of the land from coast to coast and from our Northern borders to the Gulf of Mexico involved, a new concept of the so-called balance of nature arose. Man, for the first time in this country, realized that he cannot conquer those natural forces but must ally himself with them.

The National Resources Committee, which was named to study the situation, frankly declared:

“The fact is that most of the territory occupied by the United States is not naturally suited for a permanent civilization. It is like the land of the Mayas of Yucatan, or the land of Babylon—rich country where civilization can flash into a blaze of glory and then collapse in a few generations into ruin. Our soil is not enriched by the usual methods of civilization, but is impoverished. By the normal processes of our farming, our mining, and our lumbering, we create a desert. Americans need to realize that all other national hopes and aspirations are secondary to the question whether we can continue to eat. . . . Any nation whose land naturally tends

to turn into desert must either take measures to preserve the land or it will surely die."

#### THE RICH WILDERNESS

At first it seemed that man, for all his waste, could never strip the great wilderness of America of its riches. There were nearly 900,000,000 acres of forests, and new trees were growing all the time. But there was no one who could see that in three hundred years the stand of timber would be far less than half or that the game animals would be practically exterminated and the flight of game birds a rarity in the sky. Even worse, those pioneers could never imagine that there would come a time when more than 100,000,000 acres of the fertile land would be so eroded that it would never be of value again to the end of time; another 169,000,000 acres in not much better shape, with three fourths of the top soil washed or blown away, and 780,000,000 acres with one fourth or more of the top soil gone.

#### EXTRAVAGANT WASTE

These calamities began in New England where the pioneers first settled and spread into the tobacco and cotton plantations in the South, and then into the prairie country as man sought new physical frontiers. The farmers, the hunters, and the lumbermen all played a part in robbing a bountiful Nature of her choicest stores. Our coal, iron, copper, and other minerals were used extravagantly. Our petroleum fields saw us wasting oil and natural gas as new fields were being exploited. The march of civilization,

with its giant factories sending poisonous fumes into the air to kill plants and trees, and the pouring of industrial wastes into the rivers, also played a part. There was no thought of tomorrow.

Morris L. Cooke, former chairman of the Mississippi Valley Committee and later head of the Rural Electrical Administration, summed up the situation in this manner:

"No industry can hope to survive which does not maintain its plant. No people can survive who do not maintain these resources. That we have not in the past made expenditures to conserve our resources does not mean that such expenditures were not necessary. It means that we have ignored some of the costs of the business of living. Paying dividends out of capital is social suicide. The books of account of the American people show an increasing debit balance. If the nation is to be saved, it must be established that individual possession of land does not carry with it the right to ruin."

#### CONSERVATION PROGRAM

Franklin D. Roosevelt inaugurated the new conservation program, but since any effective program must take years before any benefit is attained, it was out of the field of partisan politics and had the indorsement of both major parties. Secretary of Agriculture, Henry A. Wallace, declared that the country had only about thirty years in which to bring into operation a nation-wide plan of soil conservation, otherwise it would be too late. But the problem was so vast that even three decades seemed too short a time to repair

the damage of three centuries. The National Resources Committee, the Soil Conservation Service, and the Mississippi Valley Committee were three of the organizations that led the fight, but all told there were thirty-four other agencies of the Government working on various phases of the great problem. The National Resources Committee acted as a clearing-house for the permanent agencies in the field.

The problem was attacked from four angles. First, there were surveys and inventories to determine the resources of the country and their conditions. The second was that of organization, the deciding of what parts the Federal, State, and local governments, and private owners should take. The third concerned the dangers from erosion, floods, droughts, and other acts of Nature against which some protection was available. And the fourth was the long-time program of policies to be followed to prevent the formation of great desert areas such as exist in China, Asia Minor, Africa, and Central America.

Typical of the survey work was the securing of a knowledge of water flow, level of underground water, and even rainfall, snow, and evaporation in sections where data of that kind were only sketchy. River-control programs in the past seldom took the entire river basin into account. The first program of its kind was started on the Tennessee River.

#### SOIL CONSERVATION

The Soil Conservation Service launched a widespread campaign against the waste that turned our fertile acres into man-made deserts. The first step

was to lay out 135 demonstration areas in forty-one States, each covering a natural watershed and reaching from the crest of the ridge on either side down to the streams. There was nothing compulsory about these experiments. They merely offered their help to the farmer, with the result that in a short space of time, the service was working co-operatively with 40,000 farmers on 6,000,000 acres, and the idea was taken up by two hundred fifty voluntary soil conservation associations, representing 3,000,000 farmers.

As soon as a farmer agreed to go along with the Government service, the field agents made an "erosion survey map" of the area. The map showed the type of soil, the slope, and the extent to which top soil had been washed or blown away. Engineers, agronomists, foresters, and other experts then studied the map, and mapped out a plan. Financial help was given the farmer to carry out the plan which had been decided upon. Crops were planted to retain the moisture; soil-saving dams were built in ravines to check erosion; steep slopes were terraced, as in Europe; strip cropping was introduced on hills; and woodlands were given forestry service to make them pay dividends. Some land was withdrawn from cultivation and practical lessons in land management were given. The service furnished tools and terracing equipment in the demonstration areas, but it also furnished aid for others who asked for it. The Farm Credit Administration played a part in financing the purchase of equipment for co-operative associations, while in many States the various counties bought

equipment and aided the farmer. The Soil Conservation Service made rapid progress because it had the benefit of twelve experiment stations of the Department of Agriculture which had been studying every type of erosion since 1929. The dust storms and the effect of rain upon slopes had been measured as accurately as a farmer measuring a quart of milk.

#### NEW SOIL FOR OLD

No detail was left untouched for the service made studies to determine just what tree or bush should be planted in each locality. The same procedure was followed with respect to grasses. The problem of getting seed of the buffalo grass, Nature's ideal covering for the prairies, furnished an interesting sidelight on some of the work carried on at the service's experimental stations. The buffalo grass does not re-seed itself and the seeds were too small to be harvested by hand. One of the field agents went over a patch of the grass with a vacuum cleaner and solved the problem. The result was the construction of a number of machines built on the cleaner principle that could be fastened to the backs of automobiles and the seed gathered by the bushel. Trees, shrubs, and grass seed were furnished free to the farmer, and the WPA furnished some 30,000 men to plant them under the direction of the service.

Under the Soil Conservation Service plan, the farmer lent himself and his land to the demonstration experiment for a definite length of time. In return for the benefits, he agreed to carry on with the program mapped out for him for at least five years. As

a result the work was built on a firm basis that promised continuance. The service concerned itself only with land that could be saved and insisted that submarginal land be retired from cultivation.

The States themselves also took an active part in this program. New York State, under Roosevelt as Governor, in 1931 set aside \$20,000,000 for the purchase and reforestation of submarginal land. Due to the closing of highways and school districts in these areas, it was expected that the savings would eventually take care of the purchase price.

#### THE WESTERN DUST BOWL

The "dust bowl" on the Western plains dramatized one of the great problems of the Soil Conservation Service. These terrifying dust storms sweep in an irregular belt from North to South, including parts of Texas, Oklahoma, Kansas, Nebraska, and the Dakotas. This was the buffalo grass, or short grass, country of the early days of the United States. Here ranged the immense herds of buffalo and later the domestic beef until the great demand set for wheat by the World War brought in huge gang plows to till the soil and expose it to the action of the wind. The soil was rich in potassium, phosphorus, and nitrogen, but the drought burned out these precious plant minerals and in fifteen to twenty years the balance of Nature was upset beyond repair. Wind erosion followed.

Water erosion, which according to the Mississippi Valley Committee, has taken the rich topsoil from twenty-five per cent of the land in the Mississippi



Valley alone, and costs the entire nation about \$400,000,000 annually, and is closely allied with wind erosion. In all parts of regions where water erosion occurs it was found that the cutting down of forests, the tilling of large areas of lands, and the reclaiming of swamp areas were among the principal causes. A binder is required to keep the soil in place. Dams, levees, floodways, and reservoirs may be used to lessen flood damage, but the elemental factor lies in preventing erosion of the land by wind and water.

#### THE AAA UNCONSTITUTIONAL

The Agricultural Adjustment Administration set up under the Agricultural Adjustment Act, which was later ruled as unconstitutional by the Supreme Court, mapped out thirteen major regions in the land pattern of the United States with the idea of aiding in the erosion problem. These regions, with about one hundred subdivisions, comprised the dairy areas around the Great Lakes, the corn belt of the Middle West, the tobacco and cotton areas of the South, the wheat lands of the prairies, and the vast grazing areas running from Texas northward through the eastern slopes of the Rocky Mountains. The map showed that these different areas approximated the lines of rivers and mountains, and did not conform to State lines. For that reason the problem of saving the land was one that could only be undertaken by the Federal Government in co-operation with the different States. Intervention of the Federal Government and inter-State agreements,

impossible a few years ago, was hastened by the nature of the existing emergency.

The Agricultural Adjustment Administration, hastily revised after being declared unconstitutional, linked soil conservation with its crop-control program. Farmers, generally, were in favor of the AAA and there was a vigorous demand set up for the substitution of some new constitutional plan for the old act. They wanted even stronger machinery than was contained in the old act.

#### BALANCE OF OUTPUT

One of the phases of the AAA that concerned the tillers of the soil was a system of crop insurance that would bring about a balance between the good and bad years. While on his campaign trip through the farming areas, President Roosevelt emphasized again and again that it was a bad thing for farmers to have farm prices four times as high one year as another year. He declared that no one benefited but the food speculators, and it was his intention to bring about a situation which would more nearly equalize supplies and prices from year to year. This was not taken to mean price fixing but a plan to bring about a balance increase in the output, some form of national agricultural policy that would be best for all classes in the long run. A committee was appointed by the President to study the question of voluntary crop insurance and make recommendations for legislation to be presented to Congress. Added to this was the information obtained from the study of millions of farm records obtained through

the AAA's program, and from these sources experimental calculations were made on the cost of crop-insurance premiums. It was a foregone conclusion that these demands of the farmer would be met with legislation that would meet every constitutional test.

The Farm Credit Administration was one of the early agencies set up to help the farmer and in less than three years it placed about three and one-half billion dollars in the hands of the farmers. All was secured by mortgages but done so helpfully by William Irving Myers, governor of the administration, that the farmers were able at last to see a way out of debt. The administration brought about wholesale refinancing of farms with no loan exceeding seventy-five per cent of the farm's real value with a low rate of interest and small yearly payments on the principal over a long period of years. When it was found that many farmers were unable to take advantage of this plan, the administration brought about voluntary adjustments that cut the debt burden of the farmers by more than \$200,000,000. Cheap, short-term loans for the immediate needs also were provided. A number of farmers in a locality, organized into a production credit association, were enabled, under the direction of FCA, to borrow money at five per cent from intermediate credit banks for the purchase of seed, fertilizer, stock, for building repairs, and for subsistence in the long, lean time between sowing and harvesting. These loans were obtainable on an instalment basis, the farmer taking the money as it was required.

## SOUND POLICY

The FCA found farmers' co-operative associations sound in principle but suffering from a lack of cheap and ready credit. With \$160,000,000 from the old Farm Loan Board the administration provided capital for twelve district banks for co-operatives and one large central bank. The result was plenty of credit for the farmers' organizations for the purchase, construction, or lease of packing plants, grain elevators, cotton gins, storage plants, and for buying supplies and equipment in wholesale lots.

## THE OBJECTIVE

The final objective of the FCA was the establishment of a system that would enable the farmers, on their own account, to obtain their own credit without Government aid. As now set up, the production credit associations obtain loans from the intermediate credit banks and the debentures are then sold to the investing public. The central bank for co-operatives discounts loans with the intermediate credit banks and also issues its own debentures. Federal land banks that handle the long-term mortgages sell bonds directly to the public. The land banks at the time of Roosevelt's re-election had a total capital of about \$234,000,000, of which \$110,000,000 was owned by farmer-borrowers. The production credit associations had an aggregate capital of about \$84,000,000, of which about \$8,000,000 was owned by the farmers. Co-operative associations owned more than \$2,000,000 in the capital stock of the central bank.

## RURAL RESETTLEMENT

The Resettlement Administration, another Government agency for helping the farmer and residents in rural communities, was such a huge success that it undoubtedly will be made a permanent bureau of the Government during Roosevelt's second term. Two things indicated that such would be the case. One was the model suburban resettlement project at Greenbelt, Maryland, near the District of Columbia. That project was described by Roosevelt as "an experiment that ought to be copied in every community in the United States." The other was the survey of farm tenancy by a large committee appointed by the President, who was in sympathy with a far-reaching program to enable farm tenants to become owners of their lands.

## THE RA

The RA was brought into being by an executive order of the President on April 30, 1935, and its functions were to establish rural and suburban resettlement communities, the prevention of soil erosion, conservative projects, and the making of loans to purchase land and equipment. In seeking these objectives, the Administration spent approximately \$260,000,000 in a little over a year and accomplished the following:

Aided more than 950,000 farm families, or more than 4,000,000 persons.

Made loans to 385,870 farm families, amounting to \$93,316,611.

Made grants to 468,471 farm families, amounting to \$19,316,738.

Made emergency loans and grants to 256,955 farm families in the drought area, amounting to \$8,380,000.

Brought about a reduction of \$32,820,000, or 25.6 per cent in the debts of 41,479 farmers.

Lent \$1,700,000 to enable farmers to participate in co-operatives.

Purchased 9,100,000 acres of submarginal land and started the development of this land for useful purposes.

Completed nineteen rural resettlement projects, built 2695 good rural homes.

Began construction of two other "towns," similar to Greenbelt, for low-income industrial workers and farmers, near Milwaukee and Cincinnati.

#### GREENBELT COMMUNITY

The Greenbelt community, built at a cost of approximately \$10,000,000, provided homes for 1000 families. The rentals charged were commensurate with incomes from \$1200 to \$2000 a year. Resettlement officials regarded the project as one that would be self-sustaining and pay taxes, thus contributing to the welfare of the community.

The debt readjustment program was one that was of immense benefit to thousands of harassed farmers. The scaling down of burdensome farm debts of the 41,479 farmers was accomplished by voluntary farm adjustment committees, appointed by Governors of the various States, who worked without salary but

on expenses from the RA. Not only were the total debts cut down but interest rates were lowered. Those adjustments enabled the farmers to pay \$2,350,969 in back taxes, which proved an aid to their localities. The purchase of worn-out farm land amounted to 9,100,000 acres but it was only about one tenth of similar land that should be bought, according to resettlement officials. This land was taken out of production and turned into grazing areas, reforestation projects, recreational areas, wild life preserves, and erosion-control projects. In contrast to the retirement of substandard lands from crop production, the RA purchased 500,000 acres of rich land for farms and constructed more than 4,000 rural homes. The families living in these homes are buying them on a long-term payment plan extending over a period of forty years with interest at three per cent. In all, in the first eighteen months of its existence, the Administration had eighty-six projects set up where eventually 10,000 farm families will be provided with new economic, social, and educational advantages.

The loans made to 385,870 farm families were for the purchase of farm supplies, equipment, payment of rent and taxes, and subsistence needs. The loans were from two to five-year periods with interest at five per cent. The improvement of the farm tenancy situation was carried on largely as an experiment. Ten demonstration resettlement projects in as many States were started to accommodate 100 families in each of the selected areas. The first 130 farms cost about \$4,500 per family. The information gathered

from these projects was to be used to further the idea in other parts of the country. All the plans and accomplishments, however, were regarded only as the beginning of work necessary to bring about a happier rural and industrial life in the United States. Resettlement advocates were convinced that the short experiment had produced benefits that such projects would always be part of the government's concern over the rural areas.

#### MATANUSKA VALLEY

By far the most colorful and romantic resettling project undertaken by the Government was the transplanting of one thousand men, women, and children to the last frontier. They were mostly descendants of the sturdy pioneers who forged into the midwest wilderness in what is now Minnesota, Michigan, and Wisconsin and made farms that were tilled until the land became submarginal, too thin to return a decent living to the present generation. The Federal Government planned for them the greatest colonizing movement ever fostered and financed in its history. The site was at Palmer, in the Matanuska Valley, Alaska, forty miles from Cook Inlet, port of Anchorage. There in the heart of the Southern Alaskan wilderness Government specialists furnished two hundred families with 40-acre tracts of land, dwellings with running water and indoor toilet facilities, and credit for complete maintenance at the Government commissary until their land produced enough to keep them. In addition they were supplied with seed, farming implements, and domestic livestock.



At the end of the first year the Alaska Rural Rehabilitation Corporation, as the Federal agency sponsoring the project was known, was considered a huge success. Less than one fifth of the families who went there in the beginning had left and returned to the States. But for every family that left, there were a hundred applications from other families to take their place.

The settlers have thirty years in which to pay their debts with payments beginning at the end of the fifth year. The farms gave an abundance such as the settlers had never seen before: potatoes that grew at the rate of nine tons to the acre; giant strawberries, and vegetables that would ripen in a 110-day growing period; small grains; butter, eggs, dairy products; and meat. The project instead of costing money began to earn money after that first year. There were good schools for the children and buses to take them to and fro. There was a modern hospital with forty beds and four trained nurses. The equipment of the hospital was of the finest with a modern operating room, electric lights, laboratory, dental equipment, and refrigeration. In the first year thirty-one babies were born in the colony. The community had motion pictures, a dance floor, and basketball equipment in the community hall. There was an American Legion Post, Boy Scout and Girl Scout troops, Four-H Clubs, and four church organizations. The valley even entered a contestant in Alaska's first bathing beauty parade and had the satisfaction of seeing their entry voted the most beautiful girl in Alaska. The Matanuska Valley project gave every indication of being a success.

## CHAPTER IX

### HARNESSING THE NATION'S POWER

**F**ROM the rivers of the United States as they flow ceaselessly down to the sea will arise a new social order with better living conditions, better crops, and a brighter outlook toward the future. New cities and towns will arise along their banks providing a more even distribution of population with labor no longer huddled together in city tenements. This new order is to be obtained from the 70,000,000 horsepower in those rivers waiting for man to harness it and put it to work. Thus far, according to engineers, only about 12,000,000 horsepower has been developed. These engineers have dreamed colossal plans for putting this great wasted power to work. They see in the future a great era of power development, flood control, water conservation for irrigation and water transportation. Dreams? Perhaps. But all are founded on the cold facts and figures of engineering calculation and some of them have already been brought very close to realization. That so much has been accomplished in the past few years is due to the fact that development of the nation's power resources has always been one of the most important plans in President Roosevelt's scheme of government. He has looked upon the making of electrical energy cheap and plentiful as one of his major objectives.

## AN ENGINEERING DREAM REALIZED

The Tennessee Valley Authority is one of these engineering dreams being put into tangible form and it is probably the achievement of this project that President Roosevelt feels the proudest. It represents the first organized attempt in our history to direct the well-being of a great territory and its people. The TVA is in reality a gigantic laboratory for the destinies of at least 4,000,000 people. At the same time it is one of the "yardsticks" which the Government is establishing to apply to other power companies as a measure of cost for electric light and power. It is a project of tremendous magnitude, including sections of seven States, an area about the size of Kentucky. Attempt after attempt has been made to upset the TVA plans, but thus far it has withstood every political and legal storm.

Two dams were completed by the end of 1936, three years after the TVA was established, a record of progress that attracted the attention of the world. These were the Norris Dam on the Clinch River, twenty-five miles above Knoxville, and the Wheeler, a few miles above Muscle Shoals. Power plants there yield about 205,000 kilowatts twenty-four hours a day and every day in the year. Further installations planned on proposed dams will make a total of 660,000 kilowatts available. The TVA proposed five new dams, at Fowler Bend on the Hiwassee, in North Carolina; at Fontana, on the Little Tennessee; and at Watt's Bar, Gilbertville, and Coulter Shoals.

At Muscle Shoals the Authority operated the old

Wilson Dam, an inheritance from the World War, to manufacture phosphate for fertilizer to be used in the valley. There in the fertilizer plant, modern machinery ground and roasted the rock to produce the yellow dust that gives new life to the soil and makes rich crops where poor ones grew before.

The Norris Dam, by the end of 1936, was ready to supply electric light and power to Knoxville, Chattanooga, Memphis, Dayton, Florence, Sheffield, and Tuscumbia. The Wilson Dam, meanwhile, supplied energy to some thirty communities and half a dozen rural co-operatives in twenty-two counties in Alabama, Mississippi, and Tennessee. The farmers in those regions used the power to pump, grind, refrigerate, saw, milk, heat, cook, and dozens of other uses. Agricultural colleges, experiment stations, and county agents in the parts of the seven states under the Authority experimented lavishly to see how much could be done with their new supplies of power and fertilizer. In addition, 6,000 farmers' clubs joined in the experiments under the direction of the agronomists.

#### FLOODS CONTROLLED, ELECTRICITY SUPPLIED

When the Tennessee Valley plan is completed, flood control and navigation will be among the other benefits. The various dams will build up a nine-foot channel from the Ohio River, at Paducah, Kentucky, to Knoxville, a distance of 650 miles. The dams at Pickwick Landing, Wilson, Wheeler, Guntersville, and Chickamauga will form a connected series of navigation lakes for 330 miles, while

the Norris Dam will provide water-storage reservoirs to feed all downstream dams. The Wheeler Dam will remove the last trace of historic Muscle Shoals. All of the dams are part of a unified effort to reduce the flood menace in the Tennessee River and also in the lower Mississippi.

In the beginning, the critics of TVA had one stock argument. They conceded that electricity would be a fine thing for the farmer but they asked if the Tennessee Valley farmer could pay for it. They argued that electricity was a luxury which the farmer could not afford. The TVA replied that electricity was a necessity on the farm and set forth to demonstrate how it should be done.

#### TUPELO GETS ELECTRIFIED FIRST

The town of Tupelo, Mississippi, was the first to take electricity from the TVA for distribution over its own lines. In the first year of service, with rates considerably lower than obtainable before, the domestic consumption in homes and on farms jumped 126 per cent. There was no argument that could withstand that self-evident truth.

TVA officials are confident the success of their experiment will lead to similar projects being tried in other valleys in the United States. Their reasoning is that a river valley is a complete geographical unit and its people are interested in the control and use of the river. But control and use require such huge planning that private enterprise could not undertake it. The developing, therefore, must be done by the Government. Private enterprise could

enter the picture where the Government stops, which would lead to a natural growth of co-operative associations, particularly in the rural districts.

Other valleys, however, would present other problems and require different treatment than the Tennessee River. Those rivers flowing long distances through arid and sparsely settled country would seem to present the most difficulties, but engineers say that they could be overcome. Whether they will be, depends in no small measure on the outcome of the great TVA laboratory. Success there is certain to be followed by other experiments in other parts of the country.

The progress made by the Federal Government under President Roosevelt in unifying navigation, flood control, reclamation, soil erosion control, preservation and planting of protective forests along a cohesive and comprehensive front confuted the charges that a blind reclamation policy was being pursued. Certainly, if any other previous administration ever recognized the dangers in allowing our power and soil to be wasted, none ever did anything about it. Attacks on the huge costs of some of these projects likewise were without foundation as the records of the PWA show that less than a handful were financed with Work Administration funds. The Casper-Alcova project in Natrona County, Wyoming, shows how some of the funds were raised. That project, when completed, was expected to bring in 66,000 new acres of land, the principal crop of which will be alfalfa hay and other forage products for the winter feeding of livestock. Wyoming cattle-

men for years found the droughts so severe on their ranges that they could not winter their herds at home. In many cases they had to drive them as far away as the Texas Panhandle. In addition to entailing great cost, which must be passed on to the consumer in higher prices for beef, it meant loss to the cattlemen in many beeves that perished on the way. At the same time, people within a short distance of Casper-Alcova needed electric power, which would be produced at the dam. But where was the money to build the dam?

#### FUNDS FOR CASPER-ALCOVA DAM

The answer was very simple. The people in Natrona County, as in many other instances of the western United States, had a special claim with regard to reclamation expenditures. This one county contributed more than \$30,000,000 in oil royalties to the great plan for a New America and justly argued that their State was entitled to some use of the money in order to add to the permanent prosperity of their region. The famous Teapot Dome oil reserve, which lies within Natrona County, a fact which recalls the treatment given this section during the administration of another President and which resulted in a national scandal even though it did enrich a few favored friends of the powers that were.

There were many complaints, particularly from the industrial East, that their taxes were being used to finance projects in the West. As in the Casper-Alcova project this was a mistake. The original

funds for these reclamation projects came from the sale of public lands in the areas to be benefited and Congress eventually set up a revolving fund for such purposes. The West financed its own projects and made arrangements so that in the course of time the whole cost of construction and maintenance returns to the Federal treasury. The money goes back into the revolving fund through payments by residents in reclaimed areas for the electric power and water consumed. All reclamation projects, by law, were placed upon this self-sustaining basis.

#### BENEFITS DERIVED

These benefits, however, are not confined to the particular area in which the project was being completed. All reclamation projects were compelled to draw upon the industrial East and proved a rich market for manufacturers, merchants, and railroads. A survey showed that in one year 95,000 carloads of manufactured goods, with a value of \$120,000,000 were shipped to seventeen points where reclamation projects were in progress. The millions of dollars went into the coffers of the manufacturers at Pittsburgh, Youngstown, Schenectady, and other eastern industrial centers.

On the last frontier within the limits of the United States, 3,000 miles away from the nation's capital, or nearly as far away as Europe, the Federal Government started what has been described as the "eighth wonder of the world, the Columbia River Valley experiment." By the end of 1936, the two great dams across the rushing waters of the Columbia, at



Bonneville, Oregon, and Grand Coulee, Washington, were being rushed to completion by a huge army of workmen and engineers. The two dams were designed to provide irrigation, power, and navigation for a section larger than the combined areas of Pennsylvania and Maryland. Few areas in the world offer as much in the way of development as the Columbia River Valley. It is a region of far-flung vistas such as inspired President Roosevelt to say when he stood at Grand Coulee:

"You have acreage capable of supporting a much larger population than you now have. And we believe by proceeding with these great projects it will not only develop the Far West and the coast but will also give an opportunity to many individuals and many families back in the older, settled parts of the Nation to come out here and distribute some of the burdens which fall more heavily on them than they fall on the West."

One of the principal purposes of the Columbia River project is to make this great but thinly populated area habitable for the thousands of Americans now herded in the slums and tenements of the large cities. Bonneville and Grand Coulee were designed also to bring the benefits of modern science to farms and settlements almost as primitive as they were in the days the covered-wagon caravans slid down the western slope of the Continental Divide toward the setting sun. Homesteaders on the Columbia River light their homes by candles and get their water from pumps driven by wind-mills. Farm tasks are accomplished by hard,

manual labor, and yet only a few yards away in the river is potential energy sufficient to supply the entire city of New York with all the light and power required. More than two fifths of the latent hydro-electric power in the United States, it has been estimated, lies in the Columbia River Valley and more than two thirds of that amount is in the Columbia itself. The two dams will convert this unharnessed power into electricity which man may convert to his own use. Those dams are the two spearheads of the project, which calls for a series of eight dams in the basin.

Reclamation service engineers are building the \$300,000,000 Grand Coulee Dam, a structure four hundred seventy-five feet high, on the bottom of a wide canyon. It is probably one of the greatest structures ever built by man in the history of the world, and, when completed in 1939, it is expected to produce 1,900,000 kilowatts of power and store up enough water in its reservoir to irrigate more than 1,000,000 acres of now arid land. Land now incapable of supporting a jack rabbit will some day blossom with orchards and farms. The dam at Bonneville, which also will develop power, is listed primarily as a navigation project, and its sponsors visualize the day when its lift locks, the largest in the world, will send steamships up the Columbia to carry away to the markets of the world the apples, timber, beef, wheat, and wool which will be made possible by the irrigation project at Grand Coulee.

The two dams are now separate enterprises. Bonneville, as a navigation project, falls under the

direction of the United States Army Engineers. Grand Coulee is being supervised by the Department of the Interior. However, the time is not far distant when there may be a Columbia Basin Authority, similar to TVA, set up to unify this great undertaking. There have been many bitter critics of the Columbia River projects, who have described the area around Grand Coulee as a vast region of gloomy tablelands and there is no one to sell the power to "except coyotes and jack rabbits." Utility executives have borne down upon it from another angle of attack and declared it would produce great blocs of power in a region that already has a superabundance of power. The advocates of the projects contend that in building Bonneville and Grand Coulee they are building toward the future, for the time when the overcrowded citizens in the East will make another trek to the West.

#### THE REA

Another electric project that was designed to make work easier on a million farms in the United States was the Rural Electrification program. It was a project that not only would benefit the farmer but also countless thousands of skilled workers in the cities and towns where electrical appliances were manufactured. Light and power on the American farm at the same time would be reflected in practically every State in the country.

The Rural Electrification Administration was given \$100,000,000 to carry on the job of selling the idea of electricity to the farmers and then selling the

power companies on the advantages of extending their lines. The possibilities behind this simple proposition seemed endless. Most important of all it afforded the farmer all the advantages he might obtain in a city while living on the security of a farm. A survey of a typical rural community made by the REA showed that six out of every ten farmers had automobiles. Four out of every ten had radios and telephones—but only one out of that ten had running water. In the rural communities there are more telephones than bathrooms and the reason is that sanitary bathrooms are impossible without running water. An electric pump means sanitary plumbing for the farmer and work for the plumber. On this one phase alone it has been estimated that it would take plumbing-supply manufacturers seven years to supply all the farms in America with bathroom equipment. And during that time the manufacturers would not be able to supply the normal demands on their business. The big drawback to this wonderful market is the cost of getting the electric current to the farms in America. A survey shows that on an electric line there would be only one farm to a mile while in the city the electric companies figure on a hundred customers to a mile. The cost of current in the country, therefore, becomes prohibitive for the one farmer. Some communities, with the help of the REA, have formed co-operative groups and purchased power from utility companies at the nearest to their farms. Loans from the REA enabled the farmers to build their own lines from that point on.

Morris Llewellyn Cooke, director of the REA, explained how simple it was for some farmers to get electric current. He said:

"We enable the private company and some out-of-town users to get together and do business. Such a project is not difficult to examine quickly. The construction part of it is merely putting up poles and stringing wires, which the private company may do under contract. Transformers must be put in and meters. Money must be furnished. The job must be inspected when it is finished. If a project were to be approved today, the putting in of poles could begin in forty-eight hours. Lights could be burning in some of these farm homes in thirty days.

"The technique of handling this is in the formation of a little co-operative. It is not a power company. It is just a bunch of consumers in a given neighborhood who banded themselves together to buy current at wholesale from the company.

"Our method of procedure, therefore, will be to stimulate line extensions in one of four ways:

"By co-operatives as described;

"By private company extensions;

"By municipally owned companies where they serve the territory.

"Through state or public electrification authorities; that is, state bodies organized to do this work.

"Later, in fields which cannot be reached by these agencies, we may consider what can be done under Federal auspices."

Rural electrification, according to Administrator Cooke, was only part of the entire rural picture. As

chairman of the Great Plains Drought Committee, he believed that transformation of water power into cheap electrical energy for the farmer was closely allied with the conservation of soil and water.

"In this crusade," he declared, "the Government of itself can contribute little except the wholly indispensable leadership. In a democracy it is the great mass of the people upon whom we must depend when special dangers threaten. And so without underestimating the contribution of such agencies as the National Resources Committee, the Soil Conservation Service, the Forestry Service, and the Army Engineers we must look forward to marshaling citizen agencies as never before, even in time of war. Ultimately we must depend on the individual landowner, for, after all, every field can be made a reservoir. Every farm is but a watershed in miniature.

"The principal difficulty is persuading responsible people to see the problem as one for the whole nation, involving the whole country, rather than as a series of unrelated local problems. If we can do that and get them to working out their plans as a unit, we may get somewhere. If, indeed, we can just get enough people to start thinking, just thinking, constructively, as citizens of America rather than of such-and-such township, something is bound to happen.

"If, as I fervently believe, this country of ours is permanent, soil and water conservation become both urgent and all-important. England is a permanent country because of its protective sod cover and the

constant but relatively light precipitation. Especially in our corn belt, plowed and cultivated fields expose the soil to the devastating effect of our heavy rains. We see the logical effect in our muddied streams. Unless we do something about it—a great deal in fact—the end of the American dream can be fixed on the calendar which notes the rise and fall of nations.”

#### TVA A NATIONAL PLAN

The TVA, however, was more than a costly experiment in sectional development. It was the heart of a long-range plan for the country as a unit; a co-ordinated attack against floods, droughts, and soil erosion by every agency of the Government and considering every angle of our national resources. It would cost, according to Government officials, the sum of \$500,000,000 a year for a term of years but it is necessary, they assert, to repair the havoc wrought by the ignorance and greed that wasted our national wealth, dooming great sections of the country to hopeless poverty. What is being done in the Tennessee Valley will be done under the plan in the great valley of the Mississippi with its twenty-seven States and 49,000,000 people. Similar projects would be carried out in the Arkansas River Valley and the Central Valley of California. This is no haphazard campaign but one which has for its objective—happiness and prosperity for all the nation.

With the earth re-fertilized to a point where it will again produce a living for the farmer who tills

it intelligently, with vast stretches that are now arid bearing grass and trees, and with planned rural communities supporting their own little industries, the picture would be complete, its planners point out. The rural communities would be a haven where the surplus workers in the metropolitan areas could work out their own salvation, and their removal from the cities would bring about a more even balance between agriculture and industry.

#### A GIGANTIC TASK

But \$500,000,000 each year for a long term of years is a figure to make anyone pause and consider. And yet the gigantic task must be undertaken and carried out if the United States is to become a permanent nation. The cost, the planners declare, is large, but it also is a good investment. In this connection they point to the great Boulder Dam which cost \$165,000,000, but which started paying for itself as soon as it was completed in February, 1935. At the outset, there were sufficient light and power contracts on hand to pay for the entire cost of construction in fifty years with four per cent interest. A half century is not a long time even in ordinary funding of public improvements. The Tennessee Valley Authority officials declare that, even if they spend up to \$360,000,000 to complete a gigantic valley project, a large part of it will be returned from the sale of light, power, and cheap fertilizer. In addition, it is expected to save twice that amount of money for consumers of electricity everywhere by showing how economies



may be made in producing electrical energy. The physical side of the project, however, is the least important, for the greatest good is to come from the revivification of the people.

#### REDEEMING ARID WASTES

Scientists for years have warned against exhaustion of the land, and in the Tennessee Valley there are large blighted areas with poor roads and bleak cabins on barren acres. Life has been unchanged there for at least a century, and over these areas hangs a sense of discouragement. Americans have been attempting to scratch a living from a soil that had been ruined by carelessness and defiance of Nature's laws. In contrast in the Tennessee Valley is the region of the "blue grass" near Muscle Shoals. There are good lands, well cultivated and having an air of prosperity. Neat farmhouses and an occasional stately plantation mansion add to the pleasantness of the picture. These people are not any more intelligent than their upland brothers on their impoverished acres. The answer is that the "blue-grass" country is underlaid with phosphate deposits that enrich the soil. The TVA in the few years that it has been in existence knows that it can obtain the objectives outlined in its general plan, providing there is no hampering by legislators or the Supreme Court. They know that the underprivileged in the valley prefer automobiles to the spavined mules that haul them over muddy roads. They know that these people prefer light to darkness, modern plumbing to wells and springs, good

crops to poor ones. But a land that has lost its topsoil does not beget these things.

#### FIGHTING SOIL EROSION

Soil erosion in the Tennessee Valley had reached a point where the land was turning into a desert because of the lack of nitrates and phosphates. Out of 742,000 acres of land in one watershed more than 500,000 acres had been robbed of their precious crop-producing topsoil. Uplands that once bore splendid timber was cut bare. The TVA retired many acres of this substandard land from cultivation, and foresters and agronomists moved in to plant it with trees and grass that will one day produce something for human consumption and also feed stock. When it came to building a town for the workers on the huge Norris Dam, the TVA again showed its foresight by erecting a model rural community instead of the usual bunk-houses, barracks, and shacks of the ordinary construction camp. Neat, comfortable houses with electricity were built to rent for \$25 a month, and each had four or five acres of ground for gardening. Experts then showed how a family could use these acres to provide a living for the family. A model dairy farm and a poultry farm also were established to teach dairying and poultry raising to the workers and the farmers in the region.

#### BROAD PLAN OF IMPROVEMENT

President Roosevelt, while realizing that the TVA is only starting, is convinced that what has been done there can be, and has to be, done in similar

sections. The Central Valley of California is one of the areas that is being studied in connection with the broad, general plan. It lies in the basins of the Sacramento and San Joaquin rivers and is 500 miles long and about forty miles wide. There are 3,000,000 acres of irrigated land and a population of 900,000. Reckless drainage of subterranean rivers for artesian wells has created a situation where there is a grave danger that the valley may be turned into desert and a salt marsh. Acres that once supported vineyards, orchards, and fields of grain are now barren stretches of sand. Where the San Joaquin and the Sacramento meet, there is a delta of 500,000 acres of rich land protected by levees. The unregulated irrigation and the diminished flow of the Sacramento have permitted the salt water of the tides to back up and ruin the crops. There is sufficient water in the Sacramento River as evidenced by the floods in winter, but it is uncontrolled. It is now planned to build a large dam on the upper reaches of the Sacramento for flood control, where water could be stored during the winter months and allowed to flow in the summer to meet the needs for water supply, irrigation, navigation, and the overcoming of the salt tides. A canal would provide fresh water for the industries along Suisun Bay and other canals would radiate from a dam at Friant. The cost of the project, it has been estimated, would be about \$170,000,000. There are a number of reasons put forth why the Government should aid in this project. It is pointed out that the delta produces crops valued at \$30,000,000 a year while the

factories in Suisun produced \$100,000,000 in goods each year. The eight counties in the valley, according to Californians, have a retail purchasing power of \$254,000,000. Mining engineers also assert that there is still \$650,000,000 in gold in California's gravel deposits that could be recovered by hydraulic processes. Were this land allowed to turn into a desert, the Government would suffer from the loss of Federal taxes and be compelled to spend millions on relief.

#### LACK OF CO-ORDINATION

With depleted lands, farmers become nomads or rush to the cities because there is no longer a living to be obtained from the soil. States bordering on rivers have made a sorry mess of every attempt to establish some form of control. Federal departments have squandered millions through lack of co-ordination. The examples of Federal mistakes would be humorous if the results were not so tragic. One department, some years ago, decided to erect a dam for flood control and power development. A short time later another department, without consulting the first, built a \$1,000,000 bridge and spent \$3,000,000 on highways directly in the area that was to be flooded by the water that backed from the dam. One governmental agency set aside a lake for a game preserve while another came along to drain the lake for farm land. The land at the bottom of the lake was found to be nonproductive.

The Mississippi Valley, where thousands upon thousands of tons of topsoil are washed away daily,

furnishes another example of the lack of foresight. Millions have been spent to restrain floods by building great levees on the lower Mississippi but little has been spent on the rivers that feed the Ohio River where the floods start. In the past engineers built dams without consulting foresters and agronomists, with the result that water-storage reservoirs became plugged with the topsoil and silt that washed down from the watersheds.

#### UNIFIED PROJECTS

These were some of the conditions that led President Roosevelt to plan for power and conservation projects on such a national, unified scale that the control of every single drop of water trickling down the hillside was not the concern of the State but of the nation as a whole, if the United States is to endure. The owner of the land in the future must see that he keeps it in good shape to pass on to succeeding generations for their livelihood.

Secretary of the Interior Ickes in speaking of the co-ordinated plan for harnessing the nation's power described the reclamation projects under various Presidents before Franklin D. Roosevelt as pioneering experiments. He said:

"The administration of Roosevelt must use care in placing new land under cultivation as one of its major concerns is to discourage the accumulation of surplus foodstuffs for which there is no market. We have had to adopt an entirely different policy. Reclamation as we knew it in the past is only one piece of the jig-saw puzzle that must be fitted into the national

picture. We must move in a reasonable and orderly manner. Now we are studying the nation's natural resources in their entirety; we are co-ordinating them into an efficient and economic unit. We no longer view great rivers and watersheds in the light of what particular locality desires or thinks it wants. We are exploring them with our minds on cheaper sources of power, new navigational facilities, and the salvaging of land from the plundering of uncontrolled wind and water. We do not, for instance, consider it good policy to build an unrelated irrigation dam in order to impound the waters for the benefit of a small area. Although approximately one thousand miles removed from the Grand Coulee Dam under construction on the Columbia River in Washington, Boulder Dam on the lower Colorado River has been fitted into our program of water and land development of the great Northwest.

#### AVOIDANCE OF DROUGHT

"Instead of erecting huge storage dams for the salvation of a restricted area, we are using them to solve other problems of power development, protection of rivers from pollution, flood control, prevention of soil erosion, and navigation. We are trying to prevent the needless calamities, such as droughts, floods, and land waste which rob us of billions of dollars in taxable values and strike hardships in the homes of industrious citizens. We are getting ready for the day when a larger and more urgent population will require new acres for food supply and more power for industry. It seems to me that to do otherwise

would be to confess that we have lost heart and hope in the future of America.

“Contrary to the cries of uninformed side-line critics, we are not proceeding in a hasty or haphazard manner. The very word ‘planning’ negatives that notion. We are undertaking no projects without reference to their special service in our national program of conservation. Reclamation such as we are doing means building a new empire, when, as, and if, needed for the welfare of all the people. It will do more than bring in new land. It will provide homes for people who will live on land capable of producing crops, which, in quality and quantity, will equal, if they do not surpass, anything the world has known. It will create a profitable and substantial market for manufactured goods.

“To sit back and wait until immediate need forces upon us an ill-advised and hastily contrived scheme, would be a national disgrace. We have seen all too many examples of such criminal folly in dealing with other national assets. It would be trifling with human needs. For in deepening rivers, in erecting power dams, in constructing vast storage pools, in nailing down the land so that it will not blow away with every breeze, in arranging for new acreage as human requirements warrant, we are reclaiming not land alone, but a people.

“The Administration of Franklin D. Roosevelt is the first to catch this vision.”



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 President Roosevelt tosses out the ball at the Polo Grounds, New York, October 2, 1936, when the Yankees and Giants clashed in the second game of the World Series. Bill Terry (left) and Joe McCarthy, managers of the Giants and Yanks, respectively, are also shown in the picture



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 The President, an ardent stamp collector, working on his valuable stamp collection at the White House





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The President listens smilingly to a story told by the French Under-Secretary of State at Bedloe's Island, on the fiftieth anniversary of the erection of the Statue of Liberty



© Keystone View Co., Inc.

He looks over the old Dutch Bible which has been in the Roosevelt family since 1670

## CHAPTER X

### PROTECTING HOME OWNERS

**P**ERHAPS the most tragic and difficult problem that President Roosevelt was called upon to solve—and solve immediately—in those seemingly hopeless days in March, 1933, was the one of keeping the roofs over the heads of hundreds of thousands of small home owners and their families. Real-estate values were plunging steadily downward, wiping out what equity the families had in their homes. Day after day, hundreds of small owners saw the savings of a lifetime wiped out, as the sheriffs in all parts of the land sold them out through foreclosure proceedings. The problem which Roosevelt saw very clearly was that he must not only save the mortgaged homes, but stop the drop in real-estate values and at the same time strengthen the financial agencies which held delinquent mortgages.

#### HOME OWNERS' LOAN ASSOCIATION

It was a gigantic task and one that would have caused a lesser leader to leave the problem untouched. But Roosevelt moved swiftly. His first move was to ask the Congress to pass the act creating the Home Owners' Loan Corporation. The bill received almost unanimous support and became a law on June 13, 1933. It permitted the Federal Government to lend money on mortgaged homes for three years up to

June 12, 1936. Money to make the loans was obtained through the issuance of HOLC bonds. Instead of making short-term loans with refinancing every few years, as had been the common mortgage practice, the HOLC adapted the system of instalment buying to the real-estate field. Those holding loans from HOLC could repay over a period of fifteen years, plus five per cent interest, in monthly payments. The individuals, banks, and building and loan associations who held the delinquent mortgages were given HOLC bonds as the mortgages were taken over by the Government.

As the transfer was made, the Federal appraisers set lower face values on the mortgages in order to cut the nation's tremendous debt at that time. Few mortgage holders complained of this arrangement as no home owner was granted a loan under HOLC unless he had proved his inability to make payments on the old mortgage.

#### MANY ACCOMPLISHMENTS OF FHA

During the three years the HOLC was in operation, it took over more than 1,000,000 delinquent mortgages. The average loan was \$3,027, a figure which indicated to President Roosevelt that the legislation had benefited those whom he had wished to help—the people living in the moderately priced homes.

The HOLC, however, while solving the problem for one class of home owners did not take into consideration those who wished to make needed repairs to their homes, or those who wished to build new ones. President Roosevelt saw in this phase of the

housing problem an opportunity to put men to work and the creation of a demand for building materials. The building industry, meanwhile, was at a standstill and few financial institutions were willing to risk their funds in the real-estate market. Accordingly, the President was ready June 27, 1934, to aid new building and repairs through the National Housing Act, which set up the Federal Housing Administration under the direction of James Moffett, a former Standard Oil Company executive.

The FHA was authorized to make no direct loans to home owners but it could insure loans on new homes up to eighty per cent of their value. It also provided for long-term mortgages on low-cost housing projects and short-term character loans for repairs and modernization of older homes. The long-term mortgages were repayable in monthly instalments and the interest rate was five per cent.

In the first two years of its existence the FHA supervised more than one billion dollars worth of business, and home building in some cities reached boom proportions. For many it provided a golden opportunity to build a home when labor and materials were relatively low. The FHA also accomplished many other things in addition to its credit-insurance activities. Among these were: the expediting of recovery in building and allied trades; the encouraging of private capital investments in home mortgages; the securing of lower and more uniform interest rate on home-mortgage loans; the improvement of mortgage-lending practices; the raising of building standards; the protection of small home

owners; the encouraging of private, limited dividend companies to finance housing projects for persons with small incomes and the developing of essential and statistical data on real estate and housing.

As another step to free frozen money for homes, Roosevelt had a law enacted to bring building and loan associations under a system of Federal supervision. Those granted Federal charters automatically offered their depositors government insurance of their savings up to \$5,000. Savings in these associations again moved upward making other money available for home builders.

#### HOUSING PLANS

The housing movement was barely under way before President Roosevelt recognized the fact that while the situation had been taken care of for persons able to buy their own homes, no provision had been made for the millions that lived in the congested areas of the large cities. The castles of these less fortunate people are the cast-off homes of other days—the slums. Private builders never built for this group, with the result that these people were compelled to live in old houses and “bandboxes” blighted by the years and from lack of repair.

The Public Works Administration made a survey of the housing situation and learned the way to cut the traditional Governmental red tape that hampered slum-clearance plans. At first they proposed to trust the matter to private builders and merely offered to lend money to local groups who were willing to put up some of their own money.

That procedure failed and it was found that the only way in which it could be done was through Government-owned housing corporations. The solution discarded the red tape and speeded up the process whereby low-cost homes could be erected. One of the first projects handled by the corporation was the building of homes in Detroit to rent for \$4.68 a room per month. The rental included heat, refrigeration, and electric lights. That is far cheaper than the price paid in the "beehives" and "band-boxes" of the slums. Another group of houses was built in Cincinnati at a rental of \$6.53 a room per month. That also included heat, light, and refrigeration. And the buildings were not jammed together but were laid out so that they occupied only 23 per cent of the land, with the remainder being used for landscaping, playgrounds, parking areas, and a social center. Those two projects are typical of what can be done in every city and in many cases at lower rental costs than those cited.

That President Roosevelt plans to proceed further with slum-clearance projects was shown in a speech at the dedication of a playground, named in honor of his mother, Sara Delano Roosevelt Park, a Federal project in one of the most congested districts of New York's lower East Side. He alluded to the fact that newcomers to this country in their great desire to find freedom in America were compelled to make their homes where housing was cheap.

"I have just come from the ceremonies at the Statue of Liberty," said the President. "I spoke there of the steady stream of human resources

which the Old World poured on our shores and out of which our American civilization has been built.

"Many of the people who came past the Statue of Liberty settled in this section of New York City. Here they wove into the pattern of American life some of the color and the richness of the cultures from which they came. Here they joined in that great process out of which we have welded an American citizenship.

"We gave them freedom. I am proud—America is proud—of what they have given to us.

"They have never been—they are not now—half-hearted Americans. In Americanization classes and at night schools they have burned the midnight oil in order to be worthy of their new allegiance. They were not satisfied merely to find here the realization of the material hopes which had guided them from their native land. They were not satisfied merely to build a material home for themselves and their families. They were intent also upon building a place for themselves in the ideals of America. They sought an assurance of permanency in the new land for themselves and their children based upon active participation in its civilization and culture.

"Those who have come here of late understand and appreciate our free institutions and our free opportunity, as well as those who have been here for many generations. The great majority of the new and old do not confuse the word 'liberty' with the word 'license.' They appreciate that the American standard of freedom does not include the right to do things to hurt their neighbors.

"All of us—oldcomers and newcomers—agree that for the speculator to gamble with and lose the savings of the clients of his bank is just as contrary to American ideals of liberty as it is for the poor man to upset the peddler's cart and steal his wares. To our newer Americans, America is a great discovery. They who have never been so free before rejoice in our freedom. Our liberty is warmed by the fire of their devotion.

#### HOUSING THE NEWER CITIZEN

"I am inclined to think that in some cases the newer citizens have discharged their obligations to us better than we have discharged our obligations to them. For example, their coming helped to intensify the housing problem in many of our great cities. We have not yet worked out an adequate answer to that problem. As a matter of fact, we have for too long neglected the housing problem for all our lower-income groups. \ We have spent large sums of money on parks, on highways, on bridges, on museums, and for other projects of civic betterment. For the most part that was money well spent. But we have not yet begun adequately to spend money in order to help the families in the overcrowded sections of our cities to live as American citizens have a right to live.

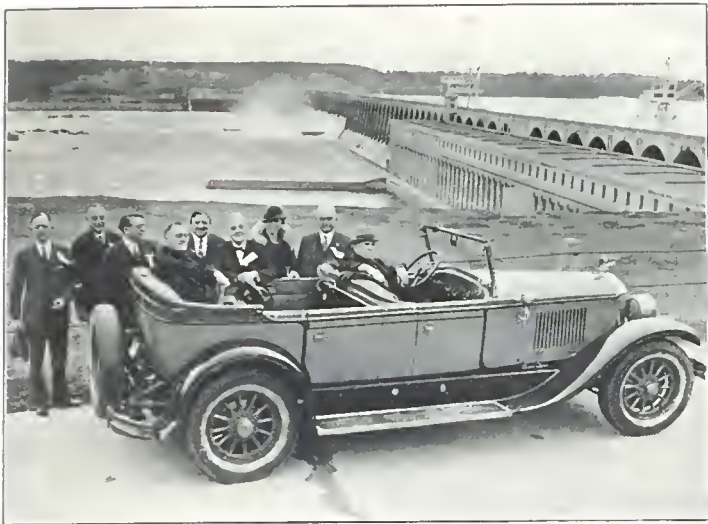
"You and I will not be content until city, state, and Federal Governments join with private capital in helping every American family to live that way. We need action to get better city housing. Senator Wagner and I had hoped for a new law at the last



session of the Congress. We who believe in better housing have not been defeated. I am confident that the next Congress will start us on our way with a sound housing policy. We shall certainly get it if on November 3 you vote to send to Washington the kind of Government which I am confident you want—a Government which will continue to work for security of the home, for security of jobs, for security of savings, and for better homes in every part of the nation.”

The merits of low-cost housing and slum clearance furnished a lively topic for debate as Roosevelt prepared to begin his second term. New measures, including a bill to make the FHA a permanent agency to assist in the building of homes for people with modest incomes, were made for presentation to Congress.

Proof that such legislation was necessary was evident in every large American city. Private capital was not interested, nor never had been, in building low-cost homes on a scale large enough to count. It was plainly up to the Federal Government to do something to get rid of these sunless, germ-ridden breeding spots of crime and disease. It has been proved, both in America and abroad, that government can foster such projects without interfering with private industry or capital. In fact, the slums represent a heavy burden on the taxpayers in the form of increased taxes for police, fire, and health protection so that their elimination becomes the wisest investment a government could make for the benefit of those who pay the bills.



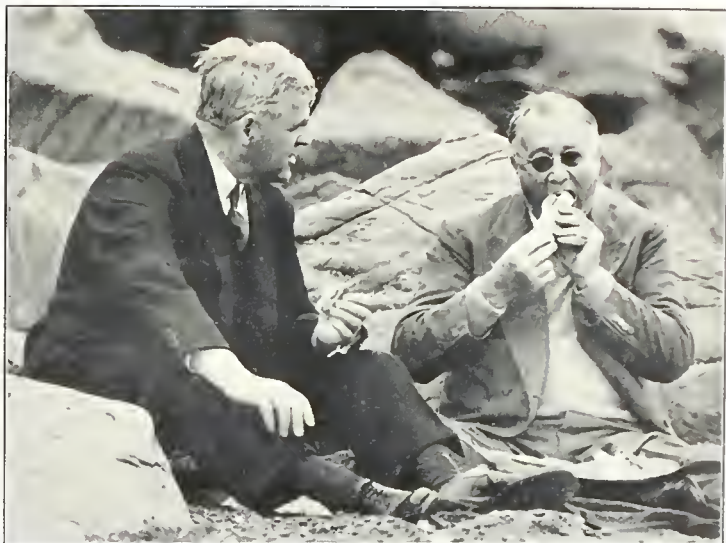
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The President, in rear of car, is photographed at Wilson Dam, Muscle Shoals, Alabama



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A tremendous crowd gathered in the Rose Bowl, Pasadena, to hear Franklin D. Roosevelt



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President Roosevelt enjoys a hot dog with the Premier of New Brunswick, Allison Dysart



© Wide World Photos, Inc.

"Hands across the Border." President Roosevelt greeted by Premier W. L. MacKenzie King on his visit to Canada in July, 1936

In an address before the Conference of Mayors in Washington, Secretary of the Interior Ickes pointed out that slums cause the largest leaks in city treasuries. City services in Indianapolis, he showed, cost the taxpayers \$27 for each slum dweller, as against \$4 for other persons. A tract in Boston into which 769 families were packed paid \$27,000 in taxes and soaked up \$275,000 in services. Cleveland showed 2½ per cent of the population causing the city a net loss of \$1,700,000 annually.

"Our slum areas are costing our cities more than they can afford to pay," he said. "In effect we have been subsidizing slums. We have been draining our municipal treasuries to make it possible for the underprivileged to continue to live under conditions that are a disgrace to our civilization. It seems to me that if we are to go in for subsidies they should be devoted to pulling those in the lowest-income groups out of the social slough of despond in which they have been existing, rather than to pushing them in deeper."

#### BENEFIT OF FEDERAL AID

Dwight L. Hoopingarner, Associate Director of the Public Works Administration housing division, pointed out that Federal grants had been slow because there was a lack of State and local housing authorities through which the money might be properly advanced. He urged every city and State to pass legislation that would enable them to receive the full benefit of Federal aid on slum clearance and low-rent housing.

"Not only can public housing create permanent wealth while it contributes greatly to the nation's human resources, but in co-operation with private initiative and private investment it can give more jobs with a lesser tax burden upon the community, and thus aid in stabilizing governmental finance," he declared.

"To justify the subsidy of public housing, there must also be a clear distinction between families having a capacity to pay rent and those not able to do so, with requirements for readjustment in tenancy when a needy family becomes self-supporting. This basis of capacity to pay also means that a family pays its share of the burden, once its eligibility to receive the benefits of a subsidized abode is determined. We must also see to it that any subsidy in providing such shelter is not given in lieu of adequate wages on regular jobs.

"We must provide orderly and systematic machinery with representative non-partisan personnel, constituted in such a manner as to furnish for this personnel the fullest possible measure of a local public trusteeship; provide a proper base for tax readjustment in the community, recognizing the requirements of public revenues on the one hand and dollar-and-cents value of such housing to the community on the other hand. We must provide by law for the orderly determination of redevelopment or rehabilitation sites, with appropriate boards of public review which might be given a quasi-judicial status and relieve the local courts of a part of the initial burden in connection with condemnation proceedings for such purposes."

## HOUSING FACILITIES

The housing situation in the United States today offers the greatest opportunity in history for the nation to establish an unprecedented period of prosperity. On emerging from one of the worst depressions the world has ever known, this country found the need for more and better housing facilities and modernization of existing dwellings so vast that there was sufficient work, according to Government experts, in this one field alone to employ between 4,000,000 and 5,000,000 men steadily for at least ten years. Government surveys and statistics show that housing construction offers the nation now the same opportunity to put men to work that the automobile industry afforded during the decade between 1920 and 1930. Department of Commerce officials conservatively estimate that Americans need at least 3,000,000 new dwellings. Without taking modernization and improvement into consideration, this represents a potential market of between twelve and fifteen billions of dollars. Staggering as those figures are, they do not tell the entire story of the potentialities existing in the United States to put men to work. To those figures must be added the money needed for expenditures on existing homes. In 1934, there were 13,000,000 homes requiring repairs or modernization jobs, ranging in cost from \$50 to \$2,000. The Federal Housing Administration, up to the end of 1936 had insured modernization credits for only approximately 1,000,000 of those homes at an average cost for each job of \$500. There are 12,000,000 homes still in

need of repair. If the average repair on the 12,000,000 homes is maintained at \$500, there is a six-billion dollar market waiting to be exploited. For one reason, or another, however, private capital has been slow to grasp this opportunity.

#### THIRTY MILLION HOUSING UNITS

Counting each place where a family might live, there were approximately thirty million housing units in the United States in 1936. Each year one per cent of these dwelling units, including homes, apartments and flats, becomes obsolete and unfit for occupancy. Added to that, the increased population each year requires about 200,000 new housing units, so that the result is the United States needs 500,000 new homes a year to keep pace with the minimum requirements. That average of half a million homes a year was maintained in the decade between 1920 and 1930, but the depression cut in until new home construction up to 1935 was only about sixteen per cent of the actual demand. Families doubled up and as a result less than 500,000 dwelling units were built during the depression period. In other words, an increase of 2,500,000 new homes was needed to bring the nation back to the 1929 housing level. At least another 1,000,000 housing units were needed to care for the slum residents, tenant farmers, and those living in shacks on the outskirts of metropolitan areas. Another factor was the rapidly increasing rate of obsolescence in American homes. Many of the nation's homes were built as far back as forty years ago and by

1946 hundreds of thousands of these will require either replacement or major remodeling. The increase in population also is an important factor in housing. There are more persons fourteen years old in this country today than any other age group and as these children approach majority and marry, there will be an increased need for dwellings. The Federal Housing Administration believes that up to 1946, at least, the need for new houses, or dwelling units, will be close to 700,000 a year.

The Federal Government, however, was confronted with the task of stimulating this great, potential market without bringing on too rapid an increase that would boost prices and result in poor construction because of the lack of skilled labor. Government experts hope to stimulate and increase the housing rate until the building of new dwellings in 1946 will be 1,000,000 a year. Housing costs, according to these experts, are relatively too high and the answer is to apply mass production technique. The average cost of building a home rose from slightly more than \$2,000 in 1909 to \$4,000 in 1934. At the same time the average cost of an automobile dropped from \$1,600 to \$675. The large decrease was due to mass production.

#### MILL TOWNS

In the past, our much praised individualism festered a growth that was deplorable as far as factory workers and their families were concerned. Around the older industrial centers were sections known as "mill towns," or communities where



workers were compelled to live in wretched tenements and miserable hovels. There were factory-owned general stores where the worker was forced to trade and his condition was not much better than that of a Mexican peon. The employers in these mill towns built houses for their workers but generally they were little better than barracks, where the worker had little chance to display home-making tendencies and he was subjected to regimentation of the worse kind.

Franklin D. Roosevelt was the first President of the United States to take an active interest in the housing of the workers. He recognized that under the old system the services of building and loan associations, private banks, building contractors, and real-estate dealers were beyond the reach of the mass of the country's workers.

In a message to Congress, President Roosevelt said:

"As a further and urgent step in the program to promote economic recovery, I asked the Congress for legislation to protect small home owners from foreclosure and to relieve them of a portion of the burden of excessive interest and principal payments incurred during the period of higher values and higher earning power. Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the nation require that special safeguard should be thrown around home ownership as a guaranty of social and economic stability, and that to protect home owners from inequitable enforced

liquidation in a time of general distress is a proper concern of government."

The result of that message, shortly after Roosevelt took office, was the Home Owners Loan Act. During his first Administration, President Roosevelt did everything possible to bring the great benefits of this act to the attention of the public.

Nearly \$4,000,000,000, representing an average loan of about \$3,000 each, were loaned to worthy home owners in the first four years that this law was effective. The money was secured by the best credit possible in a democracy—the integrity of a million sincere workers of the country and their families.

These "liabilities" were included in the sum which enemies of the United States pointed to as an unparalleled and crushing debt. The fallacy of that argument may be shown by considering the liabilities of the United States Steel Corporation for 1935. This corporation had liabilities totaling \$1,822,401,742, while employing only 195,000 workers. Thus, it is readily apparent that the indebtedness contracted by the Government in forwarding the condition of home owners is insignificant compared to the gross assets of the nation.

The President at various times during his first Administration indicated clearly that he not only had in mind the clearing out of terrible living conditions in our industrial centers and replacing them with suitable homes for workers, but also that he had in mind the creation of new employment thereby. Roosevelt's unprecedented bold program to break

down the shackles of an antiquated and socially undesirable system found support with the great masses of the people. In most cases city officials were eager to have the Federal Government initiate slum clearance and housing programs in their cities. Thus the effects of bad housing on the happiness and health of the workers was brought to the attention of the public. It was shown that the public costs providing protective services to these old and unhealthful housing areas made a serious financial burden on the communities without any public returns.

#### THE PRESIDENT AND LIVING NEEDS

One of the first discoveries made by the FHA was the fact that much of the cost of home building under the old systems of private financing went to speculation in real estate and to the profits of financing, including the ruinous rates and discounts involved in second mortgages. After its survey, the FHA found that "it is still possible to produce a substantial, sanitary, and comfortable type of shelter within the means of a very modest income." The FHA then showed how houses could be built at a cost from \$1,200 to \$2,500.

Never in the history of the United States have the living needs of the worker and his family received such public recognition as under the administration of President Franklin D. Roosevelt.

The President in May, 1936, declared his faith in the mass production of low-cost homes as an important factor in the housing problem. At that time

Roosevelt advocated the building of 500,000 to 1,000,000 small \$2,500 homes as a means of providing jobs for many of the unemployed and supplying the great deficiency in houses for the low-salaried worker.

In his advocacy of better homes for workers, the President encountered the powerful resistance of special-privileged groups that fought all social legislation.

Defying these groups, the President said:

“Within democratic nations the chief concern of the people is to prevent the continuation or the rise of autocratic institutions that beget slavery at home and aggression abroad. Within our borders, as in the world at large, popular opinion is at war with a power-seeking minority. . . . Shall we say to the men and women who live in conditions of squalor in country and in city, ‘The health and the happiness of you and your children are no concern of ours?’ Shall we expose our population once more by the repeal of laws to protect them against the loss of their honest investments and against the manipulations of dishonest speculators?”

#### NATIONAL EMERGENCY COUNCIL

The National Emergency Council cites as the first of the reasons why so many American workers in this rich country are inadequately housed the fact that the majority of workers receive less than \$900 a year. The struggle of the people to own their own homes during the twelve years succeeding the World War was hampered by the fact that the

Government was dominated by powerful financial and industrial groups. The result was that in that calamitous year of 1932 a total of 277,952 foreclosures forced people out of their homes. That was one of the main factors that caused Roosevelt to determine that not only should the worker receive more adequate compensation, but conditions should be corrected so that he could have a home for his family. It is a fact, as history will show, that socialism and communism flourish under improper living conditions and that democracy thrives only when everyone has the opportunity to bring up his family in decency. President Roosevelt explained it in this manner:

“Government became the representative and the trustee of public interest. Our aim was to build upon essentially democratic institutions, seeking all the while the adjustment of burdens, the help of the needy, the protection of the weak, the liberation of the exploited, and the genuine protection of the people’s property.”

United States Senator Robert F. Wagner of New York, known as “a friend of labor,” aims to unite the various housing activities of the Federal Government under a United States Housing Authority and to perpetuate the work of the Federal Government in the interests of the masses under the “general welfare” clause of the Constitution. In presenting this idea, Senator Wagner said:

“There is nothing that could be so useful to the nation as better housing. At least 11,000,000 families, meaning approximately 45,000,000 people,

are now living under conditions that do not protect their health and safety. . . . If the traveler puts aside the superficiality of a quick visit and delays long enough to enter these lowly homes and study the lives of their people, he will gather a very tragic history. He will learn that the danger of contracting tuberculosis is thirty times greater within the slums than elsewhere. He will find that in the lowest class of tenement rooms, the infancy death rate is three times as high as normal. He will discover run-down sections of our country, where the rate of juvenile delinquency is three hundred times as high as in more prosperous areas."

Edward F. McGrady, Assistant Secretary of Labor, described housing conditions in this manner:

"Eleven million homes in this country, housing one third of our people, can be classed as slums unfit for human habitation—breeders of disease, vice, and crime. Six million of these homes are in the cities, five million in the country. They make up thirty per cent of the dwellings of the nation—thirty per cent of the dwellings of the nation can be classed as slum homes; not a very good picture for the richest country in the world."

#### FEDERAL HOUSING ACT

All told, there are about fifteen million families who do not own the roofs over their heads. For many of them the hope of achieving security and permanence in a community appeared to be rather slim until the passage of the Federal Housing Act. Under the old system, prior to 1934, for example,

Mr. Average Citizen went to a trust company, a bank, or a building-and-loan association when he decided to build a home. Supposing that he owned a lot worth \$3,000 and wanted to build a home that cost \$12,000. The best offer that would have been made to him would have been a first mortgage of \$7,000 at between six and seven per cent interest. Still short of the necessary cash for his home, he would have had to do business with some company dealing with second mortgages and pay up to ten per cent and other exorbitant charges for placing the mortgage. Even before he started, Mr. Average Citizen was attempting more than he could carry, for the average rate for such mortgages was eight and one-quarter per cent. The first mortgage was usually for a period of three to five years, and at the end of that time Mr. Citizen had to pay renewal costs or find another lender, with the penalty of paying placement charges. The second mortgage was for an even shorter term and renewals were accompanied by excessive charges to cover the risk.

It was a stupid and expensive system. It made complete mortgage payment impossible because there was no plan of amortization and the lump sum maturities fell upon the hapless at one time. The system encouraged high prices, hidden charges, and overbuying. The so-called home owner had little choice between allowing the mortgage to be foreclosed or to go on with an interest payment that kept him impoverished without decreasing the principal by a single dollar. For example, the heirs of an estate in Pennsylvania paid off a \$2,500 mortgage

placed on a farm in 1868, only to discover that more than \$10,000 had been paid in interest without reducing the principal. That figure did not include renewal charges or taxes. Or take the case of a family which paid \$2,520 in interest on a \$2,000 mortgage over a period of twenty-one years without any reduction of principal. Mr. Average Citizen today, however, faces no such difficulty in his fight for security and permanence in his community. Under the National Housing Act, he may acquire a single mortgage for a twenty-year term at five per cent, with full provision for amortization. The system includes a consideration of the borrower's income and his ability to pay and also an unbiased, expert appraisal of his property. Thus, the prospective owner is assured that his property has real value and at the same time he is forever free of the hazards of second mortgages.

When Mr. Citizen decides on building a home, he may go to any bank that is a member of the Federal Reserve System or Federal Deposit Insurance Fund, and be assured of being placed on the right road to home ownership. The Government will insure his loan, making it a gilt-edge investment for any lender, and the banker is freed of any doubts or fears that he might have about extending credit.

As Mr. Citizen's lot is worth \$3,000, it represents twenty per cent of the total cost of the land and the house; that is, \$15,000. The remaining \$12,000 will be secured through his banker under the regulations of the FHA. The Federal machinery is set in motion.



An accurate appraisal of the property is made from every angle. Sewage disposal, water supply, electricity, gas and telephone service, schools, shopping areas, and transportation all have a bearing on value. Mr. Citizen is protected against an unwise investment, for the Federal plan considers not only value today but what the property will be worth when the last mortgage payment is made. The prospective home builder must show his plans and specifications for the house, for the FHA demands higher housing standards with emphasis on taste and originality rather than the ordinary and ugly. The FHA is against substandard housing or housing in declining or unprotected neighborhoods because it imperiled sound housing finance.

The FHA holds that it is unwise for a man to commit himself to home investment for a total cost of more than two and a half times his annual income. The insistence of the Federal agency is not in the interest of the soundness of the security but in making sure that Mr. Citizen's home will be free of debt at the end of twenty years.

Every cent of expense is figured out to the penny. There is a five per cent interest on every loan, a payment on the principal, a service charge by the bank, and the FHA charge for insurance. These items are added up and divided into the monthly payments over the twenty-year period. The new system includes taxes, fire insurance, and water rates, for the borrower must pay these charges each month. Thus all payments are merged into one. When the amount of payment is determined, Mr. Citizen is

asked to show how he expects to meet them over the twenty-year period. That does not mean that he must show a letter from his employer, guaranteeing a job for the rest of his life, but it does mean that he should have a good reputation for ability, honesty, and industry. When these demands are satisfied, the FHA insures the mortgage and instructs the bank to make the loan. During the building, regular inspections are made to make certain that the specifications are being followed and the quality of materials designated are being used. The FHA is insistent that Mr. Citizen gets what he pays for.

#### NEW DEAL FOR HOME BUILDERS

That, then is the New Deal for American home builders—one mortgage and no renewals. At no time will Mr. Citizen have to scurry around to find a new lender to replace the one that wants his money. Neither will there be any lump sum payments to wreck the family budget. Each monthly payment is known to the exact penny. The whole transaction is thus robbed of doubt and uncertainty. Under the Old Deal, Mr. Citizen's interest payments alone would have been \$1,300 more and he would still be carrying the \$12,000 mortgage at the end of the twenty-year period. The New Deal in housing gives him his home absolutely debt-free at the end of twenty years.

Mr. Citizen never had a better chance to build the home of his dreams than today.

## CHAPTER XI

### PRIMING THE PUMP

**P**RESIDENT ROOSEVELT in those dark days in March, 1933, looked out on a troubled nation and saw the depression making vast inroads on the peace and security of his people. To him it was a challenge to war and he accepted it, even though much criticism and blame were directed at him. He fought the depression as he would fight any other invader of our shores. Congress gave him broad powers, and he exercised them to the limit to "prime the pump" that would start the wheels of industry turning once more.

Federal expenditures rose sharply, but he held to his course despite his countless critics, who saw no good in the emergency spending of money to put men back to work, so that instead of being a drain on the community they would be a benefit. The results were evident to everyone by the time he came up for re-election and the gratitude of the people was shown by their ballots.

Between that fateful March and June, 1936, Federal expenditures were more than \$25,000,000,000, a staggering sum, but almost half of this went for recovery and relief. It put an end, however, to the wide-spread paralysis that had gripped business throughout the length and breadth of the land.

The President was taunted with reminders of his 1932 platform in which it was advocated that there be an "immediate and drastic reduction of governmental expenditures." A member of the Seventy-fourth Congress charged the Roosevelt administration with spending money at the rate of \$10,000 a minute. The President, however, remained firmly convinced of the soundness of his policies and, while mistakes were made, he carried on the battle, at times seemingly single-handed.

From 1932 the national income climbed from \$38,000,000,000 to \$53,000,000,000 in 1935 and the estimate for 1936 was \$60,000,000,000. Financial experts estimated that prior to 1933 the nation had to pay \$1.77 in interest out of every \$100 of national income, while in 1936 the interest charges had dropped to \$1.37. Another indication of improved financial condition was evidenced in the refinancing of Government bonds at a lower interest rate, with a gain of \$2,000,000,000 in revenue.

Another outcome of the war against the depression was the increase in factory pay rolls throughout the country. There was an increase of 113 per cent in employees, and weekly wages were up 66 per cent over 1932. More than 4,000,000 persons who were jobless when Roosevelt took office went back to private jobs. Farmers, too, received a net increase in annual income of \$3,000,000,000. During Roosevelt's Administration, the profits of 2,000 corporations, according to a study made by the National City Bank, rose from \$151,000,000 in 1932, to well over \$2,500,000,000 in 1935.

## BITTER FIGHT AGAINST DEPRESSION

Perhaps no better story could be told of how the bitter fight against the forces of depression was won than in the President's own words in a speech in Pittsburgh at Forbes Field, the home of the National League baseball club in that city on the night of October 1, 1936. Using the figures of speech of the baseball field, the President said:

"When the new management came to Washington, we began to make our plans—plans to meet the immediate crisis—and plans that would carry the people of the country back to decent prosperity.

"We saw the millions out of work, the business concerns running in the red, the banks closing. Our national income had declined over 50 per cent—and, what was worse, it showed no prospect of recuperating by itself. By national income, I mean the total of all income of all the 125,000,000 people in this country—the total of all the pay envelopes, all the farm sales, all the profits of all the businesses of all the individuals and corporations in America.

"During the four lean years before this Administration took office, that national income had declined from eighty-one billions a year to thirty-eight billions a year. In short, you and I, all of us together, were making \$43,000,000,000 less in 1932 than we made in 1929.

"Now, the rise and fall of national income—since it tells the story of how much you and I and everybody else are making—is an index of the rise and fall of national prosperity. The money to run the Government comes from taxes, and the tax revenue

in turn depends for its size on the size of the national income. When incomes and values and transactions are on the down grade, then tax receipts go on the down grade, too.

"If the national income continues to decline, then the Government cannot run without going into the red. The only way to keep a government out of the red is to keep the people out of the red. We had to balance the budget of the American people before we could balance the budget of the national Government.

"That makes common sense, doesn't it? The box score when the Democratic Administration came to bat in 1933 showed a net deficit in our national accounts of about \$3,000,000,000, accumulated in the three previous years.

"National income was in a downward spiral. Federal Government revenues were in a downward spiral. To pile on vast new taxes would get us nowhere, because values were going down.

"On top of having to meet the ordinary expenses of government, I recognized the obligation of the Federal Government to feed and take care of the growing army of homeless and destitute unemployed.

"Something had to be done. A national choice had to be made. We could do one of two things. Some people—who sat across my desk in those days—urged me to let nature take its course and continue a policy of doing nothing. I rejected that advice. Nature was in an angry mood.

"To have accepted this advice would have meant a continued wiping out of people of small means, the continued loss of their homes and farms and small

businesses into the hands of people who still had enough capital left to pick up those homes and farms and businesses at bankruptcy prices.

"It would have meant, in a very short time, the loss of all the resources of a multitude of individuals and families and small corporations. You would have seen a concentration of property ownership in the hands of 1 or 2 per cent of the population, a concentration unequaled in any great nation since the days of the late Roman Empire. And so the program of this Administration has protected the small business, the small corporation, the small shop from the wave of deflation which threatened them.

"We realized then, as we do now, that the vast army of small business men, factory owners, and shop owners forms the backbone—together with our farmers and workers—of the industrial life of America. In our long-range plan we recognized that the prosperity of America depended upon, and would continue to depend upon, the prosperity of them all.

"I rejected that advice for an additional reason. I had promised, and my Administration was determined, to keep the people of the United States from starvation. I refused to leave human needs solely in the hands of local communities—local communities which themselves were almost bankrupt.

"To have accepted that advice would have been to offer bread lines again to the American people, knowing this time that in many places the lines would last far longer than the bread. In those dark days between us and a balanced budget, stood millions of needy Americans denied the promise of an American life.

## BALANCING THE BUDGET

“To balance our budget in 1933 or 1934 or 1935 would have been a crime against the American people. To do so we would either have had to make a capital levy that would have been confiscatory, or we would have had to set our face against human suffering with callous indifference. When Americans suffered, we refused to pass by on the other side. Humanity came first.

“No one lightly lays a burden on the income of a nation. But this vicious tightening circle of our declining national income simply had to be broken. The bankers and the industrialists of the nation cried aloud that private business was powerless to break it. They turned, as they had a right to turn, to the Government. We accepted the final responsibility of government, after all else had failed, to spend money when no one else had money left to spend. I adopted, therefore, the other alternative. I cast aside a do-nothing or a wait-and-see policy.

“As a first step in our program we had to stop the quick spiral of deflation and decline in the national income. Having stopped them, we went on to restore purchasing power, to raise values and to start the national income upward. In 1933 we reversed the policy of the previous Administration. For the first time since the depression, you had a Congress and an Administration in Washington which had the courage to provide the necessary resources which private interests no longer had or no longer dared to risk. This cost money. We knew in March, 1933, that it would cost money. We knew that it would cost



money for several years to come. The people themselves understood that in 1933. They understood it in 1934, when they gave the Administration a full indorsement of its policy. They knew in 1935 and they know in 1936 that the plan is working.

"Now let us look at the cost. Since we could not get the money by taxes, we borrowed it and increased the public debt.

"President Hoover's Administration increased the national debt in the amount of over \$3,000,000,000 in three depression years and there was little to show for it. My Administration has increased the national debt in the net amount of about \$8,000,000,000 and there is much to show for it.

"Over a billion and a half went for the payment of the World War veterans' bonus this year instead of in 1945. That payment is now out of the way, and is no longer a future obligation of the Government.

"As for the other six and a half billions of the deficit, we did not just spend money—we spent it for something. America got something for what we spent—conservation of human resources through CCC camps and work relief; conservation of natural resources of water, soil, and forest; billions for security and a better life. While many who criticize today were selling America short, we were investing in the future of America.

#### 1920-1930 EXPENDITURES

"Contrast these expenditures and what we got for them with certain other expenditures of the American

people in the years between 1920 and 1930. During that period not merely eight billions but many more billions came out of American pockets and were sent abroad—to foreign countries where the money was used for increasing foreign armaments, for building foreign factories to compete with us; for building foreign model dwellings, swimming pools, and slaughter houses; for giving employment to the foreign unemployed—foreign boondoggling if you will.

“Those dollars were just as good American money, just as hard-earned, just as much the reward of our thrift as the dollars we have spent at home giving work to the unemployed. Most of those dollars sent abroad are gone for good. Those billions, lost to us under previous Administrations, do not include the other billions loaned by the United States to foreign governments during and immediately after the war.

“I ask you the simple question: Has it not been a sounder investment for us during these past three years to spend eight billions for American industry, American farms, American homes, and the care of American citizens?

“In three years our net national debt has increased eight billion dollars. But in two years of the late war it increased as much as twenty-five billion dollars. National defense and the future of America were involved in 1917. National defense and the future of America were involved in 1933.

“Don't you believe that the saving of America has been cheap at that price? It was more than defense,

it was more than rescue. It was an investment in the future of America.

"Compare the score board which you have in Pittsburgh now with the score board which you had when I stood here at second base in this field four years ago. At that time, as I drove through these great valleys, I could see mile after mile of this greatest mill and factory area in the world a dead panorama of silent, black structures and smokeless stacks. I saw idleness and hunger instead of the whirl of machinery.

"Today as I came north from West Virginia, I saw mines operating, I found bustle and life, the hiss of steam, the ring of steel on steel—the roaring song of industry.

"And now a word as to this foolish fear about the crushing load the debt will impose upon your children and mine. This debt is not going to be paid by oppressive taxation on future generations. It is not going to be paid by taking away the hard-won savings of the present generation.

"It is going to be paid out of an increased national income and increased individual income produced by increasing national prosperity.

"The deficit of the national Government has been steadily declining for three years running, although technically this year it did not decline, because we paid the bonus this year instead of in 1945. Without the bonus, the deficit would have declined this year.

"The truth is that we are doing better than we anticipated in 1933. The national income has gone up faster than we dared then to hope. Deficits have

been less than we expected. Treasury receipts are increasing.

"The national income was thirty-eight billions in 1932. In 1935 it was fifty-three billions and this year it will be well over sixty billions. If it keeps on rising at the present rate, as I am confident that it will, the receipts within a year or two will be sufficient to care for all ordinary and relief expenses of the Government—in other words, to balance the annual budget.

"The Government of this great nation, solvent, sound in credit, is coming through a crisis as grave as war without having sacrificed American democracy or the ideals of American life."

With America off the gold standard, it was necessary that some stabilization fund standard be set up and toward this the financial administrators under Secretary of the Treasury Henry Morgenthau, Jr., bent every effort. After watching the international guerilla warfare in monetary affairs that resulted in the pre-depression gold standards of the last strongholds, France, Switzerland, and the Netherlands, the United States joined with other leading nations in the co-operative task of rebuilding a system of ordered currency relationships. Two steps were taken toward stability. The first was an agreement between the United States, Great Britain, and France to work toward currency stabilization. The second was an agreement among these nations to work in a non-gold world by selling and buying gold between themselves. Secretary Morgenthau described this as a "new type of gold standard."

## THE "NEW" GOLD STANDARD

Under the old gold standard there was no need for equalization funds, such as the leading nations set up under the agreement. Before the depression, every currency was worth so much gold, each was convertible into the other at a fixed price, known as gold parity, and it was never possible for them to vary more than a fraction of a per cent without being automatically brought back into line by the shipment of gold. This control of the gold standard was broken in 1931 when England suspended the rule. Exchange values were broken and the pound sterling became an irredeemable paper currency, governed only by the law of supply and demand. In order to protect her interests in a depreciated currency, England established an equalization fund of \$2,000,000,000. The United States set up a similar fund but in this country, unlike Britain, which had no gold, we set aside \$2,000,000,000 in actual gold out of the \$2,800,000,000 "gold profits" resulting from devaluation.

Actually, there was little need for our fund and only about ten per cent of it was mobilized for actual use. Little is known about the funds of other nations for the reason that secrecy is imperative, and because the Government officials operating them are working on a new problem and must develop techniques as they proceed.

Secretary Morgenthau, in consultation with the President, determines the policies of our funds and the foreign department of the Federal Reserve Bank of New York. The primary functions of the funds

is to influence the value of currency in terms of foreign exchange and, therefore, their chief activities consist in buying and selling in the international money markets. Such operations are carried out through dealings with the big commercial banks, foreign exchange brokers, bullion dealers, and central banks comprising the foreign exchange market.

#### “REFUGEE CAPITAL”

The movements of “refugee capital,” or as President Roosevelt and other financiers in this country described it, “hot money,” was an important consideration in the question of currency stabilization. According to the United States Treasury, in twenty-one months, or since the beginning of 1935, \$2,281,-659,000 in foreign money was sent here to escape the possible perils of devaluation abroad. Much of this money, driven here by fear, constituted an unstable part of our financial system, for its sudden withdrawal would create a serious situation. That type of money has always been an aggravator of financial disorder. President Roosevelt, however, served notice that he was willing to combat the situation by inaugurating legislation against it.

That was surprising because the efforts of nations in the past were not against such a fund coming into the country, but against its sudden withdrawal. Roosevelt planned immigration bars to keep it out of the country. During the days preceding the World War, many nations had capital invested in other countries that could not be liquidated promptly. The result was a fear of such investments. France

and other nations, for example, lost great fortunes in Russia. The rush of Britons to withdraw their capital from America in 1914 forced the closing of the New York Stock Exchange. And yet today the American dollar seems the safest in the world. From the standpoint of foreign countries, the devaluation (to many abroad it is the undervaluation) of the dollar has made it possible for investors to send money here and to get more for their money than ever before. In other words, Europe, with war clouds hanging overhead and its disturbed social and economic conditions, sees in this country a promise of a revival that will go further and last longer than anything that can be hoped for abroad.

According to information gathered by the United States Treasury, out of the more than two billion dollars that came here in nine months \$1,353,072,000 went into short-term banking funds. Of the remainder, it was spread over securities, brokerage balances, and American claims. The Treasury also estimated that there was about \$5,600,000,000 of foreign money invested in long-term securities.

However, what economists feared was not so much the effect of sudden withdrawal, serious as that would be, but the influence it might have in piling up still further the credit expansion in this country.

Fiscal plans for Roosevelt's term called for a balanced budget beginning July 1, 1937. He hoped to have the Government on a pay-as-you-go basis and a reduction made in the public debt before the middle of his second term. Government income

mounted steadily during the last two years of Roosevelt's Administration and the growing prosperity was expected to add more to the receipts. Expenditures during 1936 exceeded income and it was the Administration's idea to cut down on spending to bring it more in line with income. It was planned to do this by consolidating several bureaus, especially agencies created to deal with the depression. With the exception of relief, ordinary Government expenditures were within Federal income and it was expected that the new corporation surplus tax upon which collections will be received in 1937 would yield \$700,000,000 a year. Liquidation of Government loans by the Reconstruction Finance Corporation also were counted to aid in further reduction of the Federal debt.

Government experts at the beginning of Roosevelt's second Administration, were confident that the tax system in vogue was "fully adequate" to balance the 1938 budget and place the Government on a firm basis. Treasury economists were of the opinion that with a total national income of more than \$60,000,000,000, a balanced budget would be possible without abolishing the necessary support of the unemployed.

#### THE "SECRET" OF THE BUDGET

The making of the national budget is surrounded with great secrecy. From its inception within the many bureaus of the Government through its many revisions by the Budget Bureau, it is the work of more than 1,000 persons, few of whom ever see the



budget in its entirety. A typical budget contains more than 100,000 different items of anticipated receipts and designated expenditures. There are more than 250 sources of income and the remainder deals in minute detail with the cost of running the Government. The principal receipts come from taxes on corporations, individuals, alcoholic beverages, tobacco, manufacturers' excises, customs revenues, and estate taxes. Such taxes bring in more than \$4,500,000,000, or about seventy per cent of the national income. The principal expenses are the cost of operating the administrative branches of government, appropriations for national defense, interest on the public debt, veteran's pensions and benefits, and the cost of recovery and relief agencies.

The budget sets forth in detail the proposed expenditures by the Governmental departments as well as the legislative, judicial, and other branches of the Government. All told, more than 1,000 pages are devoted to the budget book and one quarter, or 250 pages, is given over to the Departments of Agriculture and Interior alone. The various department expenditures are then broken down into bureaus where the expenditures are itemized. Each item of revenue and expense is checked and rechecked during lengthy conferences with a regiment of departmental agents and bureau chiefs. The chiefs must justify each item of expense before it is included in the budget.

A typical budget hearing finds the Director of the Budget and his aides on one side of a large table with bureau representatives on the other. Each has

before him a detailed list of the requests for appropriations and a list of the net appropriations for the current and preceding years. In the Budget Bureau files are comparable records with other years and confidential reports of investigators who have been prying into Governmental affairs since the Budget Bureau was created in 1921. The budget makers deal with the need of each activity of government, its authority in law, its cost, and the manner of its administration. They study and determine whether its transfer to some other department would be beneficial and how much more work might be done at the same or less cost.

#### “OVER THE TOP” WITH GOVERNMENT BONDS

The future of America was never more clearly assured than on December 9, 1936, when the Treasury offered for cash \$700,000,000 of two and one-half per cent seventeen-year bonds. A few hours after the offering was made, Secretary of the Treasury Morgenthau closed the subscription books with more than \$5,000,000,000 in tenders on hand. It was a paradox of finance. Had anyone predicted that at the beginning of Roosevelt's second Administration the bankers of the country would oversubscribe a government offering by more than seven times, he would have been laughed at as knowing nothing about finance. Particularly so, when the new bonds carried only two and one-half per cent, the lowest in the history of American Government financing, except for three special issues early in the century which bore a two per-cent rate because they could be

used by national banks as security for note issues. The average yield of long-term Government securities for the period between 1917 and 1934 was 3.88 per cent and the scramble of the banks for the new offering was truly remarkable.

The subscription was made in the face of a government debt that had been steadily mounting. When President Roosevelt entered the White House for the first time, the Government debt was around \$21,000,000,000. It was estimated that the national debt would be approximately \$34,400,000,000, an increase of about \$13,400,000,000, in less than four years. How big this sum is can be indicated by comparison with other years. In 1916, before the United States entered the World War, the Federal debt was \$1,225,000,000, the largest since the beginning of the century. The enormous war-time expenditures boosted the debt to \$25,482,000,000 by June 30, 1919. From then on, it was cut down until at the end of the fiscal year of 1930, it dropped to \$16,185,000,000. Since then, however, it has been on the upgrade. For the fiscal year ending June, 1937, the Treasury's estimates indicated a deficit of \$2,097,000,000. The accumulated deficits amounted to \$21,526,000,000, of which \$14,402,000,000 were incurred under the budgets of the Roosevelt Administration.

That banks, other institutions, and individuals were eager to buy these low-interest bonds was a forceful demonstration of the fact that there was plenty of idle money to be invested. Secretary Morgenthau, in announcing the issue, declared frankly that he wished to clear the way for possible

action by Federal Reserve Bank authorities to cut down excess bank reserves. Even that announcement did not check the demand for the bonds. The Treasury also took additional steps to make it difficult for large investors to get more than their share of the new issue. Previously it had been the custom to make allotments in full for all subscriptions of \$5,000 or less. It was found, however, that the "big fellows" were taking advantage of that provision by making \$5,000 subscriptions in the name of relatives and clerks. Secretary Morgenthau accordingly made the allotments by parceling out the bonds on an equal basis.

The abundance of idle money offered for the bonds was due in a large measure to the gold imports that came in to this country following the devaluation of the dollar. Between 1933 and 1936 nearly \$4,000,000,000 in gold came to us from abroad. Those imports, together with the Treasury's purchase of silver, greatly increased bank reserves, making possible a large expansion of bank deposits for the purchase of Government securities. But even the pressure of idle money demanding investment would not have caused the banks to rush for this low-yield investment if the Government's financial structure were not as sound as ever in its history.

The scramble to buy the bonds was made despite seven successive years of heavy deficits, but there was every indication that the deficit for 1936 would be the last. There also was the factor that the large financing of \$700,000,000 only increased the national debt by \$300,000,000, as the proceeds of the sale

were used to retire more than \$400,000,000 in Treasury bills. The Treasury in revealing this figure said that the net debt for the year ending June, 1937, would not be increased much beyond that figure. Greater economy and the rapidly rising Government revenues were expected to bring about balance by June, 1938. Apart from the prospects of a balanced budget, Government officials contended that the financial position of the country was much better than indicated by the gross national debt. The debt, including obligations of Government credit agencies, was \$41,122,000,000 at the end of 1936. In the Treasury there was a balance of \$1,406,000,000 in the general fund, the gold stabilization fund of \$2,000,000,000, and net assets of various Government agencies of \$11,315,000,000, or a total of \$14,721,000,000. Deducting these assets, the experts contended, left net liabilities of \$26,401,000,000. That, they claimed, was a fairer picture of the Government's actual debt. By comparison with the net debt of \$20,868,000,000 on June 30, 1933, the net rise in the Government expenditures under the New Deal would be only \$6,000,000,000 and not the \$13,000,000,000 that was claimed.

#### FAIR TAXING FOR MR. CITIZEN

The ever-recurring question of taxes was answered fully by Roosevelt in a speech at Worcester, Massachusetts, in which he declared against increases and the imposition of more taxes than the individual could pay. He said:

"Three and a half years ago we declared war on

the depression. You and I know today that that war is being won.

"But now comes that familiar figure, the well-upholstered hindsight critic. He tells us that our strategy was wrong, that the cost was too great, that something else won the war. That is an argument as old as the remorse of those who had their chance and muffed it. It is as the claims of those who say that they could have done it better.

"You may remember the First Battle of the Marne. Almost everybody thought that Marshal Joffre had won it. But some refused to agree. One day a newspaperman appealed to Marshal Joffre: 'Will you tell me who did win the Battle of the Marne?'

" 'I can't answer that,' said the Marshal. 'But I can tell you that if the Battle of the Marne had been lost, the blame would have been on me.'

"Our war, too, had to be won. No price, we were told then, was too high to pay to win it. We did count the cost. But in the barrage we laid down against the depression we could not stop firing to haggle about the price of every shell. We kept on fighting. The important thing is that the war is being won.

"New England, as one of the senior partners in the company of the States, has always stood for two of the fundamentals of American liberty: the town meeting, with its essential insistence on local control over local affairs; and the doctrine for which Sam Adams and his friends were willing to fight, the doctrine of democracy in taxation.

## TAXES ARE REALLY DUES

"In 1776 the fight was for democracy in taxation. In 1936 that is still the fight. Mr. Justice Oliver Wendell Holmes once said: 'Taxes are the price we pay for civilized society.' One sure way to determine the social conscience of a government is to examine the way taxes are collected and how they are spent. And one sure way to determine the social conscience of an individual is to get his tax reaction.

"Taxes, after all, are the dues we pay for the privileges of membership in an organized society.

"As society becomes more civilized, government—national, State, and local government—is called on to assume more obligations to its citizens. The privileges of membership in a civilized society have vastly increased in modern times. But I am afraid that we have many who still do not recognize their advantages and who want to avoid paying their dues.

"To divide fairly among the people the obligation to pay for these benefits has been a major part of our struggle to maintain democracy in America.

"Ever since 1776 that struggle has been between two forces. On the one hand there has been the vast majority of our citizens who believed that the benefits of democracy should be extended and who were willing to pay their fair share to extend them. On the other hand, there has been a small but powerful group which has fought the extension of those benefits, because it did not want to pay a fair share of their cost.

"That was the line up in 1776. That is the line up

in this campaign. And I am confident that once more, in 1936, democracy in taxation will win.

“Here is my principle: Taxes shall be levied according to ability to pay. That is the only American principle.

“Before this great war against the depression, we fought the World War; and it cost us twenty-five billion dollars in three years to win. We borrowed to fight that war. Then, as now, a Democratic Administration provided sufficient taxes to pay off the entire war debt within ten or fifteen years. Those taxes had been levied according to ability to pay.

#### THE ANSWER ABOUT HIGHER TAXES

“For the average American we have reduced the individual income tax. Any family head who earns an income of less than \$26,000 a year paid a smaller income tax in 1936 than he paid for 1932.

“That means that less than one per cent of the heads of American families pay more than they did; and more than 99 per cent pay less than they did, for more than 99 per cent earn less than \$26,000 per year.

“If you want the answer to this talk about high taxes under this Administration, there it is. Taxes are higher for those who can afford to pay high taxes. They are lower for those who can afford to pay less. That is getting back again to the American principle—taxation according to their ability to pay.

“You would think, to hear some people talk, that those good people who live at the top of our economic pyramid are being taxed into rags and tatters. What



is the fact? The fact is that they are much farther away from the poorhouse than they were in 1932.

"One more word on recent history. I inherited from the previous Administration a tax structure which not only imposed an unfair tax burden on the low-income groups of this country, but which imposed an unfair burden upon the average American by a long list of taxes on purchases and consumption, hidden taxes.

#### HIDDEN TAXES

"In 1933, when we came into office, 58 cents out of every dollar of Federal revenue came from hidden taxes. Leaving out of account the liquor tax, for liquor was illegal in 1933, we have reduced these indirect taxes to 38 cents out of every dollar.

"I want to say a word to you average investors and stockholders who are being flooded by propaganda about this tax, propaganda, incidentally, paid for by your money. It is being disseminated by those who have used corporations in the past to build up their own economic power, who seek, by holding back your dividends, to keep down their taxes.

#### CORPORATION TAX

"It is a fact that 98½ per cent of all American corporations will pay a smaller normal corporation tax under the new law.

"It is a fact that the law permits corporations to expand and build up adequate reserves.

"But for the first time it gives the stockholder a

practical chance to determine for himself whether or not to keep his earnings in the corporation for expansion purposes. He is now the one to choose between using his dividends for something else and reinvesting them in the stock of the corporation.

“What we are concerned with primarily is principle—and the principle of the law is sound. If, in its application, imperfections are discovered, they must be corrected for the good of American business.

“People tell you there are 58 taxes on a loaf of bread, or 63 taxes on a lady’s coat. But stop, look, and listen. You will find what the propagandists do not tell you, that only two or three of all of them are Federal taxes imposed by the national Government. All the rest are imposed by local, town, county, city, district, and State governments. Two thirds of all the taxes paid in America are State and local taxes, not Federal taxes.

“This Administration has had something to do with these local taxes. It has made them easier to bear. At the request of local and State governments for whom the local burden had become too heavy, we assumed the cost of paying in greater part for work for the needy unemployed. And, by a national fiscal policy aimed at reducing interest rates we have greatly lightened the burden of carrying local government debts, helping those of you who own homes and farms or who pay rent.”

## CHAPTER XII

### ROOSEVELT ON THE ROSTRUM

**W**HEN President Franklin Delano Roosevelt stood before a crowd of 100,000 solidly packed on Franklin Field of the University of Pennsylvania on June 27, 1936, and denounced the "economic royalists," he recalled most vividly the other Roosevelt who had occupied the White House. President Theodore Roosevelt swung the "big stick" at the "trusts" of his day and denounced the "malefactors of great wealth," but the problems that confronted the two men were worlds apart. Teddy Roosevelt, unquestionably, would have fought valiantly against any odds, but it remained for his distant cousin actually to enter the arena against the worst depression this country has ever known. Franklin D. Roosevelt has a sense of the dramatic touch that no President before him ever had. It would take an undreamed-of occasion to equal the speech of acceptance that night on Franklin Field when he stood under the blistering glare of the Klieg lamps and said:

#### A GRATEFUL CANDIDATE

"My friends: We meet at a time of great moment to the future of the nation. It is an occasion to be dedicated to the simple and sincere expression of an attitude toward problems, the determination of which will profoundly affect America.

"I come not only as the leader of a party, not only as a candidate for high office, but as one upon whom many critical hours have imposed and still impose a grave responsibility.

"For the sympathy, help, and confidence with which Americans have sustained me in my task, I am grateful. For their loyalty, I salute the members of our great party, in and out of official life in every part of the Union. I salute those of other parties, especially those in the Congress who on so many occasions put partisanship aside.

"I thank the Governors of the several States, their Legislatures, their State, and local officials who participated unselfishly and regardless of party, in our efforts to achieve recovery and destroy abuses.

"Above all, I thank the millions of Americans who have borne disaster bravely and have dared to smile through the storm. America will not forget these recent years—will not forget that the rescue was not a mere party task—it was the concern of all of us. In our strength, we rose together, rallied our energies together, applied the old rules of common sense, and together survived.

#### CONQUEST OF FEAR

"In those days we feared fear. That was why we fought fear. And today, my friends, we have won against the most dangerous of our foes—we have conquered fear.

"But I cannot, with candor, tell you that all is well with the world. Clouds of suspicion, tides of ill will and intolerance gather darkly in many places.

In our own land, we enjoy indeed a fullness of life greater than that of most nations.

"But the rush of modern civilization itself has raised for us new difficulties, new problems which must be solved if we are to preserve to the United States the political and economic freedom for which Washington and Jefferson planned and fought.

"Philadelphia is a good city in which to write American history. This is fitting ground on which to reaffirm the faith of our fathers; to pledge ourselves to restore to the people a wider freedom—to give to 1936, as the founders gave to 1776—an American way of life.

"The very word freedom, in itself and of necessity, suggests freedom from some restraining power. In 1776, we sought freedom from the tyranny of a political autocracy—from the eighteenth century royalists who held special privileges from the crown.

"It was to perpetuate their privilege that they governed without the consent of the governed; that they denied the right of free assembly and free speech; that they restricted the worship of God; that they put the average man's property and the average man's life in pawn to the mercenaries of dynastic power—that they regimented the people.

"And so it was to win freedom from the tyranny of political autocracy that the American Revolution was fought. That victory gave the business of governing into the hands of the average man, who won the right with his neighbors to make and order his own destiny through his own Government.

Political tyranny was wiped out at Philadelphia on July 4, 1776.

"Since that struggle, however, man's inventive genius released new forces in our land which reordered the lives of our people. The age of machinery, of railroads, of steam and electricity; the telegraph and the radio; mass production, mass distribution—all of these combined to bring forward a new civilization and with it a new problem for those who would remain free.

#### ECONOMIC ROYALISTS

"For out of this modern civilization economic royalists carved new dynasties. New kingdoms were built upon concentration of control over material things. Through new uses of corporations, banks, and securities, new machinery of industry and agriculture, of labor and capital—all undreamed of by the fathers—the whole structure of modern life was impressed into this royal service.

"There was no place among this royalty for our many thousands of small business men and merchants who sought to make a worthy use of the American system of initiative and profit. They were no more free than the worker or the farmer.

"Even honest and progressive-minded men of wealth, aware of their obligation to their generation, could never know just where they fitted into this dynastic scheme of things.

"It was natural and perhaps human that the privileged princes of these new economic dynasties, thirsting for power, reached out for control over

government itself. They created a new despotism and wrapped it in the robes of legal sanction. In its service new mercenaries sought to regiment the people, their labor, and their properties. And as a result, the average man once more confronts the problem that faced the Minute Man.

"The hours men and women worked, the wages they received, the conditions of their labor, these had passed beyond the control of the people and were imposed by this new industrial dictatorship. The savings of the average family, the capital of the small business man, the investments set aside for old age, other people's money, these were tools which the new economic royalty used to dig itself in.

"Those who tilled the soil no longer reaped the rewards which were their right. The small measure of their gains was decreed by men in distant cities.

#### OPPORTUNITY LIMITED

"Throughout the nation, opportunity was limited by monopoly. Individual initiative was crushed in the cogs of a great machine. The field open for free business was more and more restricted. Private enterprise became too private. It became privileged enterprise, not free enterprise.

"An old English judge once said: 'Necessitous men are not free men.' Liberty requires opportunity to make a living—a living decent according to the standard of the time, a living which gives man not only enough to live by, but something to live for.

"For too many of us, the political equality we once had won was meaningless in the face of economic in-

equality. A small group had concentrated into its own hands an almost complete control over other people's money, other people's labor—other people's lives. For too many of us life was no longer free; liberty no longer real; men could no longer follow the pursuit of happiness.

“Against economic tyranny such as this, the citizen could only appeal to the organized power of government. The collapse of 1929 showed up the despotism for what it was. The election of 1932 was the people's mandate to end it. Under that mandate, it is being ended.

“The royalists of the economic order have conceded that political freedom was the business of the Government, but they have maintained that economic slavery was nobody's business. They granted that the Government could protect the citizen in his right to vote, but they denied that the Government could do anything to protect the citizen in his right to work and live.

#### FREEDOM

“Today we stand committed to the proposition that freedom is no half and half affair. If the average citizen is guaranteed equal opportunity in the polling place, he must have equal opportunity in the market place. The economic royalists complain that we seek to overthrow the institutions of America. What they really complain of is that we seek to take away their power. Our allegiance to American institutions requires the overthrow of this kind of power.

“In vain, they seek to hide behind the flag and the



Constitution. In their blindness, they forget what the flag and the Constitution stand for. Now, as always, the flag and the Constitution stand for democracy, not tyranny; for freedom, not subjection; and against a dictatorship by mob rule and the over-privileged alike.

"The brave and clear platform adopted by this convention, to which I heartily subscribe, sets forth that government in a modern civilization has certain inescapable obligations to its citizens, among which are protection of the family and the home, the establishment of a democracy of opportunity, and aid to those overtaken by disaster.

"But the resolute enemy within our gates is ever ready to beat down our words unless in greater courage we will fight for them. For more than three years we have fought for them. This convention, in every word and deed, has pledged that that fight will go on.

"The defeats and victories of these years have given us, as a people, a new understanding of our Government and of ourselves. Never since the early days of the New England town meeting have the affairs of government been so widely discussed and so clearly appreciated. It has been brought home to us that the only effective guide for the safety of this most worldly of worlds is moral principle.

#### FAITH, HOPE, CHARITY

"We do not see faith, hope, and charity as unattainable ideals, but we use them as stout supports

of a nation fighting the fight for freedom in a modern civilization.

“Faith—In the soundness of Democracy in the midst of dictatorships.

“Hope—Renewed because we know so well the progress we have made.

“Charity—In the true spirit of the grand old word. For charity, literally translated from the original, means love, the love that understands, that does not merely share the wealth of the giver, but in true sympathy and wisdom helps men to help themselves.

“We seek not merely to make government a mechanical implement, but to give it the vibrant personal character that is the embodiment of human charity.

“We are poor indeed if this nation cannot afford to lift from every recess of American life the dread fear of the unemployed that they are not needed in the world. We cannot afford to accumulate a deficit in the books of human fortitude. In the place of the palace of privilege we seek to build a temple out of faith and hope and charity.

“It is a sobering thing to be a servant of this great cause. We try in our daily work to remember that the cause belongs not to us, but to the people. The standard is not in the hands of you and me alone. It is carried by America. We seek daily to profit from experience, to learn to do better as our task proceeds.

#### GOVERNMENTS ERR

“Governments can err; Presidents do make mistakes; but the immortal Dante tells us that divine

justice weighs the sins of the cold-blooded and the sins of the warm-hearted in different scales.

"Better the occasional faults of a government that lives in a spirit of charity than the consistent omissions of a government frozen in the ice of its own indifference.

"There is a mysterious cycle in human events. To some generations, much is given. Of others, much is expected. This generation of Americans has a rendezvous with destiny.

"In this world of ours, in other lands, there are some people, who, in times past, have lived and fought for freedom and seem to have grown too weary to carry on the fight. They have sold their heritage of freedom for the illusion of a living. They have yielded their democracy.

"I believe in my heart that only our success can stir their ancient hope. They begin to know that here in America we are waging a great war. It is not alone a war against want and destitution and economic demoralization. It is a war for survival of democracy. We are fighting to save a great and precious form of Government for ourselves and for the world.

#### "I ACCEPT THE COMMISSION"

"I ACCEPT THE COMMISSION YOU HAVE TENDERED ME. I join with you. I am enlisted for the duration of the war."

Speaking at Chicago on October 14, 1936, President Roosevelt delivered one of the strongest speeches of his campaign. He assured his listeners

that he believed in "individualism" but not beyond the point "where the individualist starts to operate at the expense of society." He said, in part:

"Four years ago I dropped into this city from the airways—an old friend come in a new way—to accept in this hall the nomination for the Presidency of the United States. I came to a Chicago fighting with its back to the wall—factories closed, markets silent, banks shaky, ships and trains empty.

"Today those factories sing the song of industry; markets hum with bustling movement, banks are secure; ships and trains are running full. Once again it is Chicago as Carl Sandburg saw it, 'the city of the big shoulders,' the city that smiles. And with Chicago a whole nation that had not been cheerful for years is full of cheer once more.

"Some people say that all this recovery has just happened. But in a complicated, modern world recoveries from depressions do not just happen. The years from 1929 to 1933, when we waited for recovery just to happen, proves the point.

"But in 1933 we did not wait. We acted. Behind the growing responsibility to save business, to save the American system of private enterprise and economic democracy—a record unequalled by any government in history. We have extended the right hand of fellowship. Many nations of the earth have taken that outstretched hand.

"We propose, of course, no interference with the affairs of other nations. We seek only by force of our own example to spread the gospel of peace in the world. We are gaining peace and security at

home. I am confident that I have the support of the American people in seeking peace and security abroad.

#### HIGH FINANCE

"When I refer to high finance, I am not talking about all great bankers or all great corporation executives or all multimillionaires—any more than Theodore Roosevelt, in using the term 'malefactors of great wealth' implied that all men of great wealth were 'malefactors.' I do not even imply that the majority of them are bad citizens. The opposite is true.

"Just in the same way, the overwhelming majority of business men in this country are good citizens and the proportion of those who are not is probably about the same proportion as in the other occupations and professions of life.

"When I speak of high finance as a harmful factor in recent years, I am speaking about a minority which includes the type of individual who speculates with other people's money, and you in Chicago know the kind I refer to, and also the type of individual who says that popular government cannot be trusted and, therefore, that the control of business of all kinds—and, indeed, of government itself—should be vested in the hands of 100 or 200 all-wise individuals controlling the purse strings of the nation.

"High finance of this type refused to permit government credit to go directly to the industrialist, to the business men, to the home owner, to the

farmer. They wanted it to trickle down from the top through the intricate arrangements which they controlled and by which they were able to levy tribute on every business in the land. They did not want interest rates to be reduced by the use of government funds, for that would affect the rate of interest which they themselves wanted to charge. They did not want government supervision over financial markets through which they manipulated their monopolies with other people's money.

"And in the face of their demands that government do nothing that they called 'unsound,' the Government, hypnotized by its indebtedness to them, stood by and let the depression drive industry and business toward bankruptcy.

#### AN ECONOMIC UNIT

"America is an economic unit. New means and methods of transportation and communications have made us economically as well as politically a single nation. Because kidnapers and bank robbers could, in a high-powered car, speed across State lines it became necessary, in order to protect our people, to invoke the power of the Federal Government. In the same way, speculators and manipulators from across State lines and regardless of State laws, have lured the unsuspecting and the unwary to financial destruction. In the same way, across State lines, there have been built up intricate corporate structures, piling bond upon stock and stock upon bond, huge monopolies which were stifling business and private enterprise.

"There was no power under heaven that could protect the people against that sort of thing except a people's government at Washington. All that this Administration has done, all that it proposes to do, and this it does propose to do, is to use every power and authority of the Federal Government to protect the commerce of America from the selfish forces which ruined it. Always, month in and month out, during these three and a half years, your Government has had but one sign on its desk, 'Seek only the greater good of the greater number of Americans.'

"What was it that the average business man wanted government to do for him, to do immediately in 1933?

"1. Stop deflation and falling prices, and we did it.

"2. Increase the purchasing power of his customers who were industrial workers in the cities, and we did it.

"3. Increase the purchasing power of his customers on the farms, and we did it.

"4. Decrease interest rates, power rates, and transportation rates, and we did it.

"5. Protect him from the losses due to crime, bank robbers, kidnapers, blackmailers, and we did it.

"How did we do it? By a sound monetary policy which raised prices. By reorganizing the banks of the nation and insuring their deposits. By bringing the business men of the nation together and encouraging them to pay higher wages, to shorten working hours, and to discourage that minority among their own members who were engaging in unfair competition and unethical practices.

"Through the AAA, through our cattle-buying program, through our program of drought relief and flood relief, through the Farm Credit Administration, we raised the income of the customers of business who lived on the farms. By our program to provide work for the unemployed, by our CCC camps, and other measures, greater purchasing power was given to those who lived in our cities.

"But you people know what I mean when I say it was clear that if the train is to run smoothly again, the cars will have to be loaded more evenly. We have made a definite start in getting the train loaded more evenly in order that axles may not break again. For example, we have provided a sounder and cheaper money market and a sound banking and securities system. You business men know how much legitimate business you lost because your customers were robbed by fake securities or impoverished by shaky banks.

#### HIGH PRICES AND CREDIT

"By our monetary policy we have kept prices up and lightened the burden of debt. It is easier to get credit. It is easier to repay.

"We have encouraged cheaper power for the small factory owner to lower his cost of production.

"We have given the business man cheaper transportation rates.

"But above all, we have fought to break the deadly grip which monopoly has in the past been able to fasten on the business of the nation.

"Because we cherished our system of private property and free enterprise and were determined to



preserve it as the foundation of our traditional American system, we recalled the warning of Thomas Jefferson that 'widespread poverty and concentrated wealth cannot long endure side by side in a democracy.'

"Today for the first time in seven years the banker, the storekeeper, the small factory owner, the industrialist, can sit back and enjoy the company of his ledgers. They are in the black. That is where we want them to be; that is where our policies aim them to be; that is where we intend them to be in the future.

"Some of these people really forget how sick they were. But I know how sick they were. I have their fever charts. I know how the knees of all our rugged individualists were trembling four years ago and how their hearts fluttered. They came to Washington in great numbers. Washington did not look like a dangerous bureaucracy to them then. Oh, no, it looked like an emergency hospital. All of the distinguished patients wanted two things: a quick hypodermic to end the pain and a course of treatment to cure the disease. We gave them both. And now most of the patients seem to be doing very nicely. Some of them even are well enough to throw their crutches at the doctor.

"The struggle against private monopoly is a struggle for, and not against, American business. It is a struggle to preserve individual enterprise and economic freedom.

#### INDIVIDUALISM

"I believe in individualism. I believe in it in the arts, the sciences, and professions. I believe in it in

business. I believe in individualism in all of these things up to the point where the individualist starts to operate at the expense of society. American business men do not believe in it beyond that point. We have all suffered in the past from individualism run wild; society has suffered and business has suffered.

"Believing in the solvency of business, the solvency of farmers, and the solvency of workers, I believe also in the solvency of government. Your Government is solvent.

"The net Federal debt today is lower in proportion to the income of the nation and in proportion to the wealth of the nation than it was on March 4, 1933.

"In the future, it will become lower still, because with the rising tide of national income and national wealth, the very causes of our emergency spending are disappearing. Government expenditures are coming down and Government income is going up. The opportunities for private enterprise will continue to expand.

"The people of America have no quarrel with business. They insist only that the power of concentrated wealth shall not be abused. We have come through a hard struggle to preserve democracy in America. Where other nations in other parts of the world have lost that fight, we have won.

"The business men of America and all other citizens have joined in a firm resolve to hold the fruits of that victory, to cling to the old ideals and old fundamentals upon which America has grown great."

In a stirring speech at Denver, during his campaign

for re-election, Roosevelt declared that the currency of the United States was the soundest in the world. This address was typical of the many he made as he went into every part of the United States spreading the doctrine of the New Deal. The points emphasized were:

#### OUR COUNTRY'S STRENGTH

"It is from the rich diversity of climate, soil, and people that this country has always derived its strength. The lives of you men and women in the mountains and plains are tied up with those on the farms and in the cities. In our unified, national economic life, we now know that industry is not immune if agriculture or mining languishes.

"The great but uneven prosperity of the 1920's made us neglect for too long a period the growing signs that things were not going right with the farmer and the miner.

"Surely we have learned that lesson. Surely you remember the idleness of your gold and silver, copper and coal and lead and zinc mines, your oil fields, your railroads, your farms and ranches; all of them had suffered together in the collapse of prices and income.

"And when that stream of business had dried on the farms and plains and in the hills, the streams of business through the nation also dried.

"In the complete stagnation of business, of mines and of farms, there was only one agency capable of starting things going again: government, not local government, not forty-eight State governments, because they had reached the limit of their resources, but the Federal Government itself.

“And yet, up to March 4, 1933, the Federal Government held back, doing nothing except to lend dollars to people at the top, with the vain hope that some of it would trickle down, and except to fold their arms, stand still and wait for a famous corner to come to them.

#### TURNING THE CORNER

“When this Administration came in, its first act was to discover where the corner was and then to turn it. The turning involved action and the action was based on two obvious and simple methods of locomotion: first, by spending money to put people to work, and, secondly, by lending money to stop people from going broke.

“It meant doing those two things in the industrial East, in the South, in the Middle West, on the plains, in the Rockies, and out on the Coast. We knew that the only practical way to turn the corner was to start the whole country turning it at the same time. One of the first jobs we undertook was the assistance to the miners and farmers in the West.

“Those of you who now see business moving again in your local shops and stores and factories know that your merchant's goods began to move off his shelves for the first time, that the wheels of your factories and mills began to turn for the first time, only after the Government had begun to spend money and had provided employment for millions of people on all kinds of projects.

“Of course, we spent money. It went to put needy men and women without jobs to work and to buy

materials, the processing of which put other men and women to work. You on the plains and throughout the great mountain area can judge for yourselves whether the work was worth doing.

"Washington did not originate the projects. You did. You told us where reclamation projects were needed. You told us where water should be conserved. You told us where floods should be controlled. You told us where new homesteads should be located. You told us how Denver wanted to get its new water supply. You told us where roads needed to be improved. You told us, in short, in every State and city and county throughout this great region and indeed throughout the United States the most practical way of giving work and at the same time creating public improvements of a permanent, useful character. And in the overwhelming majority of cases, your advice was good.

"Twenty years ago I was in the Mississippi Valley at the time of a great flood. I saw the waters of the Arkansas surge into the waters of the Mississippi. I asked where those waters came from. They told me that a part of them had come all the way from Colorado. Farther up the river I saw the Missouri discharging its waters into the waters of the Mississippi.

"I asked where those waters had come from. They told me that a part of them had come from the Dakotas, Montana, Wyoming, and Colorado. In later years I saw the bed of the Arkansas River bone dry; I saw many of the tributaries of the Missouri River bone dry.

## CONSERVE WATER

"It has been a part of our program from the very beginning to conserve the water reservoirs of the country so that the beds of the rivers of all the important watersheds of America will work for the people of all the States through which they run.

"Way back in the summer of 1934, dedicating the Fort Peck Dam in Montana, I said:

"People talk about the Fort Peck Dam as the fulfilment of a dream. Why, it is only a small portion of a dream. The dream itself covers all the important watersheds of the States and one of those watersheds was what we call the watershed of the Missouri River, not only the main stem of the Missouri, but countless tributaries that run into it and countless of the tributaries that run into those tributaries.

"Before man, before American men and women get through with the job, we are going to make every ounce and every gallon of water that flows from the heavens and hills count before it makes its way down to the Gulf of Mexico.

"I want to see that day come soon. It will help each and every State which lies between here and the Mississippi River. The work which we have already put under way to realize that dream is but a forerunner of what we hope to do in the days to come."

One of Roosevelt's closing campaign speeches was made on the night of October 30, before an audience that jammed every inch of space in the Brooklyn Academy of Music. In it he gave an accounting

of his stewardship in the Presidency. He said, in part:

"During the last month I have seen a great deal of our country and a great many of our people. Both the America and the Americans that I have seen look very different from three and a half years ago. Let it be said without hesitation that we are not ashamed of giving help to those who needed help.

#### ALPHABETICAL AGENCIES

"We furnished food relief, drought relief, flood relief, work relief. We established the Federal Emergency Relief Administration, the Public Works Administration, the Civilian Conservation Corps, the Works Progress Administration.

"Some people ridicule them as alphabetical agencies. But you and I know that they are the agencies that have substituted food for starvation; work for idleness; hope instead of dull despair.

"The second thing we did was to help our stalled economic engine to get under way again. We knew enough about the mechanism of our economic order to know that we could not do that one wheel at a time. We had had enough of one-wheel economics. We proposed to get all four wheels started at once. We knew that it was no good to try to start only the wheel of finance. At the same time we had to start the wheels of agriculture, of workers of all classes, of business and industry.

"By democratizing the work of the Reconstruction Finance Corporation and redirecting it into

more practical and helpful channels we furnished fuel for the machine. We primed the pump by spending Government money in direct relief, in work relief, in public works.

‘We established the Agricultural Adjustment Administration, the National Recovery Administration, the Farm Credit Administration, the soil conservation program; the Home Owners’ Loan Corporation, the Federal Housing Administration, the Tennessee Valley Authority. We set up a sound monetary policy, a sound banking structure, reciprocal trade agreements, foreign exchange accords.

“We set up a National Labor Relations Board to improve working conditions and seek industrial peace. We brought the business men of the nation together to encourage them to increase wages, to shorten working hours, to abolish child labor.

“With labor’s aid and backing we took the first great step for workers’ security by the Social Security Act, an act which is now being misrepresented to the workers in a pay-envelope propaganda by a few employers whom you will easily recognize as old-time exploiters of labor who have always fought against contributing anything themselves to a sound security for the laboring man and his wife and children.

#### A MAGNA CHARTA

“The act is a new Magna Charta for those who work. In its preparation and in its enactment, it was supported not only by organized labor but by those other liberal groups—workers, employers, churches, private charities, educators who for many



years have believed that modern government can make provision against the hardship of unemployment and the terrors of old age.

"The third thing we did was to look to the future, to root out abuses, to establish every possible defense against a return of the evils which brought the crash. We established the Securities Exchange Commission, banking reforms, a sound monetary policy, deposit insurance for 50,000,000 bank accounts—all aimed to safeguard the thrift of our citizens.

"By our tax policy and by regulating financial markets, we loosened the grip which monopolies had fastened upon independent American business. We have begun also to free American business and American labor from the unfair competition of a small, unscrupulous minority. We established by statute a curb upon the overweening power and unholy practices of some utility holding companies.

"By the rural electrification act, by the Tennessee Valley Authority, and similar projects, we set up yardsticks to bring electricity at cheaper rates to the average American home. Through loans to private enterprise we promoted slum clearance and low-cost housing. We set up a National Youth Administration to help keep our youth in school and to hold open for them the door of opportunity. By a successful war on crime we have made America's homes and places of business safer against the gangster, the kidnaper, and the racketeer.

"Some people call these things meddling and interference. You and I know them to be new stones in a foundation, a foundation on which we can, and are

determined to, build a structure of economic security for all our people, a safer, happier, more American America.

"These are the things we have done. They are a record of three and a half years crowded with achievements, significant of better life for all the people. Every group in our national life has benefited, because what we have done for each group has produced benefits for every other group.

"In our policies there are no distinctions between them. There will be none. If we are in trouble, we are all of us in trouble together. If we are to be prosperous, if we are to be secure, we must all be prosperous and secure together.

"Unfortunately, those who now raise the cry of class distinctions are the very leaders whose policies in the past have fostered such distinctions. When they were in power, they were content in the belief that the chief function of government was to help only those at the top in the pious hope that the few at the top would in their benevolence or generosity pass that help on.

"That theory of government has been banished from Washington. It did not work. It was not and cannot be the answer to our problem. We have united all classes in the nation in a program for the nation. In doing that, we have bridged the gulf of antagonism which twelve years of neglect had opened between them.

"An equally important task remains: To go forward, to consolidate, and to strengthen these gains, to close the gap by destroying the glaring inequali-

ties of opportunity and of security which, in the recent past, have set group against group and region against region.

"By our policies for the future we will carry forward this program of unity. We will not be content until all our people fairly share in the ever-increasing capacity of America to provide a high standard of living for all its citizens."

#### FINAL CAMPAIGN SPEECH

Roosevelt's closing speech in his campaign for re-election was delivered at the Madison Square Garden in New York. Like his acceptance speech in Philadelphia a few months before, it was a fighting speech in which he flayed the tactics being used to do away with the Social Security Act. In it he coined the characteristic and colorful phrase: "For all these things we have just begun to fight." The President said, in part:

"On the eve of a national election, it is well for us to stop for a moment and analyze calmly and without prejudice the effect on our nation of a victory by either of the major political parties.

"The problem of the electorate is far deeper, far more vital than the continuance in the Presidency of any individual. For the greater issue goes beyond units of humanity; it goes to humanity itself.

"In 1932 the issue was the restoration of American democracy, and the American people were in a mood to win. They did win. In 1936 the issue is the preservation of their victory.

"More than four years ago in accepting the

Democratic nomination in Chicago, I said: 'Give me your help not to win votes alone, but to win in this crusade to restore America to its own people.' The banners of that crusade still fly in the van of a nation that is on the march.

"It is needless to repeat the details of the program which this Administration has been hammering out on the anvils of experience. No amount of misrepresentation or statistical contortion can conceal or blur or smear that record. Neither the attacks of unscrupulous enemies nor the exaggerations of overzealous friends will serve to mislead the American people.

"What was our hope in 1932? Above all other things the American people wanted peace. They wanted peace of mind instead of gnawing fear.

"First, they sought escape from the personal terror which had stalked them for three years. They wanted the peace that comes from security in their homes, safety for their savings, permanence in their jobs, a fair profit from their enterprise.

#### PEACE IN THE COMMUNITY

"Next, they wanted peace in the community—the peace that springs from the ability to meet the needs of community life: schools, playgrounds, parks, sanitation, highways, those things which are expected of solvent local government. They sought escape from disintegration and bankruptcy in local and State affairs.

"They also sought peace within the nation, protection of their currency, fairer wages, the ending of

long hours of toil, the abolition of child labor, the elimination of wildcat speculation, the safety of their children from kidnapers.

"And, finally, they sought peace with other nations, peace in a world of unrest. The nation knows that I hate war, and I know that the nation hates war.

"I submit to you a record of peace, and on that record a well-founded expectation for future peace—peace for the individual, peace for the community, peace for the nation, and peace with the world.

"Tonight I call the roll, the roll of honor of those who stood with us in 1932 and still stand with us today.

"Written on it are the names of millions who never had a chance: men at starvation wages, women in sweatshops, children at looms. Written on it are the names of those who despaired, young men and young women for whom opportunity had become a will-o'-the-wisp. Written on it are the names of farmers whose acres yielded only bitterness, business men whose books were portents of disaster, home owners who were faced with eviction, frugal citizens whose savings were insecure.

"Written there in large letters are the names of countless other Americans of all parties and all faiths, Americans who had eyes to see and hearts to understand, whose consciences were burdened because too many of their fellows were burdened, who looked on these things four years ago and said, 'This can be changed. We will change it.'

"We still lead that army in 1936. They stood

with us then because they believed. They stand with us today because they know. And with them stand millions of new recruits who have come to know.

"Their hopes have become our record.

#### STRUGGLE CONTINUES

"We have not come this far without a struggle, and I assure you we cannot go further without a struggle.

"Powerful influences strive today to restore that kind of government with its doctrine that that government is best which is the most indifferent.

"For nearly four years you have had an Administration which instead of twirling its thumbs has rolled up its sleeves. We will keep our sleeves rolled up.

"We had to struggle with the old enemies of peace: business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering.

"They had begun to consider the Government of the United States as a mere appendage to their own affairs. We know now that government by organized money is just as dangerous as government by organized mob.

"Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me, and I welcome that hatred. I should like to have it said of my first Administration that in it the forces of selfishness and of lust for power met their

match. I should like to have it said of my second Administration that in it these forces met their master.

#### ONLY ONE ENTRANCE

"The American people know from a four-year record that today there is only one entrance to the White House—by the front door. Since March 4, 1933, there has been only one pass key to the White House. I have carried that key in my pocket. It is there tonight. As long as I am President, it will remain in my pocket. Those who used to have pass keys are not happy. Some of them are desperate.

"Only desperate men with their backs to the wall would descend so far below the level of decent citizenship as to foster the current pay-envelope campaign against America's working people. Only reckless men, heedless of consequences, would risk the disruption of the hope for a new peace between worker and employer by returning to the tactics of the labor spy.

"Here is an amazing paradox! The very employers and politicians and newspapers who talk most loudly of class antagonism and the destruction of the American system now undermine that system by this attempt to coerce the votes of the wage earners. It is the 1936 version of the old threat to close down the factory or the office if a particular candidate does not win. It is an old strategy of tyrants to delude their victims into fighting their battles for them.

“Every message in a pay envelope, even if it is the truth, is a command to vote according to the will of the employer. But this propaganda is worse—it is deceit. They tell the worker that his wage will be reduced by a contribution to some vague form of old-age insurance. They carefully conceal from him the fact that for every dollar of premium he pays for that insurance the employer pays another dollar. That omission is deceit. They carefully conceal from him the facts, that under the Federal law he receives another insurance policy to help him if he loses his job, and that the premium of that policy is paid 100 per cent by the employer and not one cent by the worker.

#### THREE FOR ONE

“They do not tell him that the insurance policy that is bought for him is far more favorable to him than any policy that any private insurance company could afford to issue. That omission is deceit. They imply to him that he pays all the cost of both forms of insurance. They carefully conceal from him the fact that for every dollar put up by him his employer puts up \$3—three for one. And that omission is deceit. But they are guilty of more than deceit. When they imply that the reserves thus created against both these policies will be stolen by some future Congress, diverted to some wholly foreign purpose, they attack the integrity and honor of American Government itself. Those who suggest that are already aliens to the spirit of American democracy. Let them emigrate and try their lot



under some foreign government in which they have more confidence.

"The fraudulent nature of this attempt is well shown by the record of votes on the passage of the Social Security Act. In addition to an overwhelming majority of Democrats in both Houses, 77 Republican Representatives voted for it and only 18 against it, and 15 Republican Senators voted for it and only five against it.

"I am sure that the vast majority of law-abiding business men who are not parties to this propaganda fully appreciate the extent of the threat to honest business contained in this coercion. I have expressed indignation at this form of campaigning and I am confident that the overwhelming majority of employers, workers, and the general public share that indignation and will show it at the polls. Aside from this phase of it, I prefer to remember this campaign, not as bitter, but only as hard-fought. There should be no bitterness or hate where the sole thought is the welfare of the United States of America. No man can occupy the office of President without realizing that he is President of all the people.

"It is because I have sought to think in terms of the whole nation that I am confident that today, just as four years ago, the people want more than promises. Our vision for the future contains more than promises. This is our answer to those who, silent about their own plans, ask us to state our objectives.

"Of course we will continue to seek to improve working conditions for the workers of America, to reduce hours overlong, to increase wages that spell

starvation, to end the labor of children, to wipe out sweatshops. Of course we will continue every effort to end monopoly in business, to support collective bargaining, to stop unfair competitions, to abolish dishonorable trade practices. For all these we have only just begun to fight. Of course we will continue to work for cheaper electricity in the homes and on the farms of America, for better and cheaper transportation, for low interest rates, for sounder home financing, for better banking, for the regulation of security issues, for reciprocal trade among nations, for the wiping out of slums. For all these we have only just begun to fight.

"Of course we will continue our efforts in behalf of the farmers of America. With their continued co-operation we will do all in our power to end the piling up of huge surpluses which spelled ruinous prices for their crops. We will persist in successful action for better land use, for reforestation, for the conservation of water all the way from its source to the sea, for drought and flood control, for better marketing facilities for farm commodities, for a definite reduction of farm tenancy, for encouragement of farmer co-operatives, for crop insurance, and a stable food supply. For all these we have only just begun to fight.

"Of course we will provide useful work for the needy unemployed; we prefer useful work to the pauperism of a dole.

"Here and now I want to make myself clear about those who disparage their fellow citizens on the relief rolls.

"They say that those on relief are not merely jobless—that they are worthless. Their solution for the relief problem is to end relief, to purge the rolls by starvation. To use the language of the stock broker, our needy unemployed would be cared for when, as, and if some fairy godmother should happen on the scene.

"You and I will continue to refuse to accept that estimate of our unemployed fellow Americans. Your Government is still on the same side of the street with the Good Samaritan and not with those who pass by on the other side.

"Again—what of our objectives? Of course we will continue our efforts for young men and women so that they may obtain an education and an opportunity to put it to use. Of course we will continue our help for the crippled, for the blind, for the mothers, our insurance for the unemployed, our security for the aged.

"Of course we will continue to protect the consumer against unnecessary price spreads, against the costs that are added by monopoly and speculation. We will continue our successful efforts to increase his purchasing power and to keep it constant. For these things, too, and for others like them we have only just begun to fight.

"All this—all these objectives—spell peace at home. All our actions, all our ideals, spell also peace with other nations.

#### PEACE ON EARTH

"Today there is war and rumors of war. We want none of it. But while we guard our shores against



© *International News Photos, Inc.*  
 Mrs. Sara Delano Roosevelt and her famous son read telegrams after the sweeping election victory of 1936



© *International News Photos, Inc.*  
 After the election President Roosevelt gave the spotlight to his youngest grandchild, 8-months-old Kate Roosevelt, who was christened in the old Roosevelt mansion



© Pictures Incorporated

Chairman Farley calls the convention to order that nominated Franklin D. Roosevelt for President for a second term



© Pictures Incorporated

With fanfare and speeches, the Democratic Convention opens in Philadelphia, June 23, 1936

threats of war, we will continue to remove the causes of unrest and antagonism at home which might make our people easier victims to those for whom foreign war is profitable. Those who stand to profit by war are not on our side in this campaign.

“‘Peace on earth, good will toward men’—Democracy must cling to that message. For it is my deep conviction that Democracy cannot live without that true religion which gives a nation a sense of justice and of moral courage.

“Above our political forums, above our market places stand the altars of our faith—altars on which burn the fires of devotion that maintain all that is best in us and in our nation. We have need of that devotion today. It is that which makes it possible for government to persuade those who are mentally prepared to fight each other to go on instead, to work and to sacrifice for each other. That is why we need to say with the prophet, ‘What doth the Lord require of thee, but to do justly, to love mercy, and to walk humbly with thy God.’ That is why the recovery we seek, the recovery we are winning, is more than economic. In it are included justice and love and humility, not for ourselves as individuals alone, but for our nation. That is the road to peace.”

## CHAPTER XIII

### APOSTLE OF PEACE

**A** FEW weeks after his re-election a war-weary world saw President Roosevelt board a United States Navy cruiser and sail southward across the Equator to Buenos Aires to attend the Inter-American Conference for the Maintenance of Peace. It was a mission of even greater ramifications as far as the United States was concerned than the journey of President Woodrow Wilson to France for the signing of the peace pact after the World War. The people of our sister republics to the south turned Roosevelt's visit into a triumphal tour unlike anything the world has seen, and at the same time it removed the doubts of the nations under the Southern Cross on the question of entering a neutrality pact with the United States. In the past, this country had been lukewarm toward the 70,000,000 in the Latin Americas. Our diplomacy, however, realized that, with the post-war machinery wrecked, the League of Nations a failure, the Kellogg Pact of no value, and the Nine Power Treaty only a scrap of paper, something had to be done. The President's South American trip, therefore, was the desire to forge strong political and economic links between this country and those countries of Central and South America. The fundamental consideration in that decision was strategic. War underlies all consideration of foreign policy and, when the

probability of war in Europe and Asia is considered, the need for a pact with South America is evident. With a strong pact embracing the North and South Americas, the United States could remain neutral in any conflict that started in Europe or Asia. At the same time, that southern trip must have caused any nation that had any vague idea of conquest in South America to reconsider.

South America is a vast reservoir of raw materials which this country might need in the event of a war abroad shutting off our supplies from Europe and Asia. Our path to Central and South America, which can be held without fighting, is therefore our best guarantee for peace. South America in turn needs our coal and iron in addition to United States capital that could be used for the development of the untouched resources there.

The President's speech at the Peace Conference in Buenos Aires urged the nations of the New World to help avert another catastrophe overseas. He said:

"Members of the American family of nations:

"On the happy occasion of the convening of this conference I address you thus, because members of a family need no introduction or formalities when, in pursuance of excellent custom, they meet together for their common good.

"As a family we appreciate the hospitality of our host, President Justo, and the Government and people of Argentina; and all of us are happy that to our friend Dr. Saavedra Lamas has come the well-deserved award of the Nobel prize for great service in the cause of world peace.



"Three years ago the American family met in near-by Montevideo, the great capital of the Republic of Uruguay. They were dark days. A shattering depression, unparalleled in its intensity, held us together with the rest of the world in its grasp. And on our own continent a tragic war was raging between two of our sister republics.

#### NIGHT OF FEAR DISPELLED

"Yet at that conference there was born not only hope for our common future, but a greater measure of mutual trust between the American democracies than had ever existed before. In this Western Hemisphere the night of fear has been dispelled. Many of the intolerable burdens of economic depression have been lightened and, due in no small part to our common efforts, every nation of this hemisphere is today at peace with its neighbors.

"This is no conference to form alliances, to divide the spoils of war, to partition countries, to deal with human beings as if they were the pawns in a game of chance. Our purpose, under happy auspices, is to assure the continuance of the blessing of peace.

"Three years ago, recognizing that a crisis was being thrust upon the New World, with splendid unanimity our twenty-one republics set an example to the whole world by proclaiming a new spirit, a new day in the affairs of this hemisphere.

"While the succeeding period has justified in full measure all that was said and done at Montevideo, it has unfortunately emphasized the seriousness of the threat to peace among other nations. Events else-

where have served only to strengthen our horror of war and all that war means. The men, women, and children of the Americas know that warfare in this day and age means more than the mere clash of armies; they see the destruction of cities and of farms; they foresee that children and grandchildren, if they survive, will stagger for long years not only under the burden of poverty, but also amid the threat of broken society and the destruction of constitutional government.

#### CHALLENGE TO CIVILIZATION

“I am profoundly convinced that the plain people everywhere in the civilized world today wish to live in peace one with another. And still leaders and Governments resort to war. Truly, if the genius of mankind that has invented the weapons of death cannot discover the means of preserving peace, civilization as we know it lives in an evil day.

“But we cannot now, especially in view of our common purpose, accept any defeatist attitude. We have learned by hard experience that peace is not to be had for the mere asking; that peace, like other great privileges, can be obtained only by hard and painstaking effort. We are here to dedicate ourselves and our countries to that work.

“You who assemble today carry with you in your deliberations the hopes of millions of human beings in other less fortunate lands. Beyond the ocean we see continents rent asunder by old hatreds and new fanaticism. We hear the demand that injustice and inequality be corrected by resorting to the sword

and not by resorting to reason and peaceful justice.

"We hear the cry that new markets can be achieved only through conquest. We read that the sanctity of treaties between nations is disregarded.

"We know, too, that vast armaments are rising on every side and that the work of creating them employs men and women by the millions. It is natural, however, for us to conclude that such employment is false employment, that it builds no permanent structures and creates no consumers' goods for the maintenance of a lasting prosperity. We know that nations guilty of these follies inevitably face the day when either their weapons of destruction must be used against their neighbors or when an unsound economy like a house of cards will fall apart.

"In either case, even if the Americas might become involved in no war, we must suffer too. The madness of a great war in other parts of the world would affect us and threaten our good in a hundred ways. And the economic collapse of any nation or nations must of necessity harm our own prosperity.

"Can we, the Republics of the New World, help the Old World to avert the catastrophe which impends? Yes, I am confident that we can.

"First, it is our duty by every honorable means to prevent any future war among ourselves. This can best be done through the strengthening of the processes of constitutional, democratic government—to make these processes conform to the modern need for unity and efficiency and, at the same time,

preserve the individual liberties of our citizens. By so doing, the people of our nations, unlike the people of many nations who live under other forms of government, can and will insist on their intention to live in peace. Thus will democratic government be justified throughout the world.

#### SHOULDER TO SHOULDER

“In the determination to live at peace among ourselves we in the Americas make it at the same time clear that we stand shoulder to shoulder in our final determination that others who, driven by war madness or land hunger might seek to commit acts of aggression against us, will find a hemisphere wholly prepared to consult together for our mutual safety and our mutual good. I repeat what I said in speaking before the Congress and the Supreme Court of Brazil, ‘Each one of us has learned the glories of independence. Let each one of us learn the glories of interdependence.’

“Secondly, and in addition to the perfecting of the mechanism of peace, we can strive even more strongly than in the past to prevent the creation of those conditions which give rise to war. Lack of social or political justice within the borders of any nation is always cause for concern. Through democratic processes we can strive to achieve for the Americas the highest possible standard of living conditions for all our people.

“Men and women blessed with political freedom, willing to work and able to find work, rich enough to maintain their families and to educate their children,

contented with their lot in life and on terms of friendship with their neighbors, will defend themselves to the utmost but will never consent to take up arms for a war of conquest.

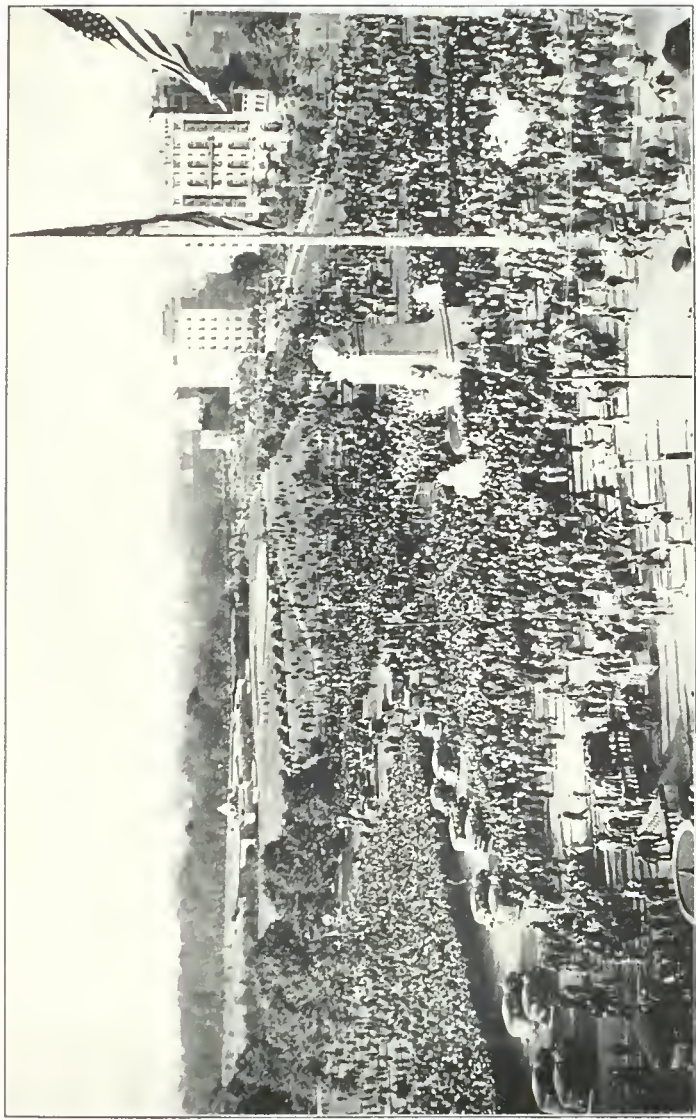
#### BENEFITS OF COMMERCE

“Interwoven with these problems is the further self-evident fact that the welfare and prosperity of each of our nations depends in large part on the benefits derived from commerce among themselves and with other nations, for our present civilization rests on the basis of an international exchange of commodities.

“Every nation of the world has felt the evil effects of recent efforts to erect trade barriers of every known kind. Every individual citizen has suffered from them. It is no accident that the nations which have carried this process furthest are those which proclaim most loudly that they require war as an instrument of their policy.

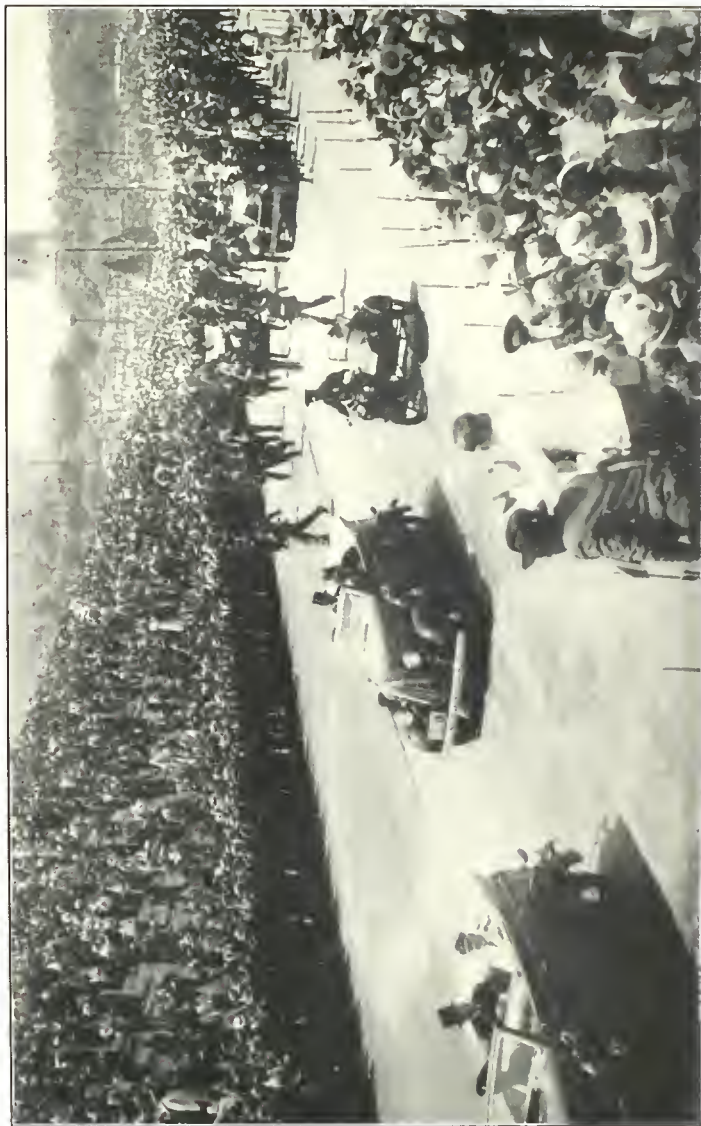
“It is no accident that attempts to be self-sufficient have led to falling standards for their people and to ever-increasing loss of the democratic ideals in a mad race to pile armament on armament. It is no accident that, because of these suicidal policies and the suffering attending them, many of their people have come to believe with despair that the price of war seems less than the price of peace.

“This state of affairs we must refuse to accept with every instinct of defense, with every exhortation of enthusiastic hope, with every use of mind and skill.



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**The President's triumphant reception, on his arrival in Washington, November 6, 1936**



© International News Photos

More than a million people in Buenos Aires, Argentina, lined the route from the Cruiser *Indianapolis* to see the President, who came with his policy of "good neighbor." President Roosevelt was given the greatest ovation ever tendered by the Argentine people to any foreign personality.

## AN EXAMPLE TO THE WORLD

"I cannot refrain here from reiterating my gratification that in this, as in so many other achievements, the American republics have given a salutary example to the world. The resolution adopted at the inter-American conference at Montevideo indorsing the principles of liberal trade policies has shone forth like a beacon in the storm of economic madness which has been sweeping over the entire world during these later years.

"Truly, if the principles there embodied find still wider applications in your deliberations, it would be a notable contribution to the cause of peace. For my own part I have done all in my power to sustain the consistent efforts of my Secretary of State in negotiating agreements for reciprocal trade, and even though the individual results may seem small, the total of them is significant. These policies in recent weeks have received the approval of the people of the United States, and they have, I am sure, the sympathy of the other nations here assembled.

"There are many other causes for war, among them, long, festering feuds, unsettled frontiers, territorial rivalries, but these sources of danger which still exist in the Americas, I am thankful to say, are not only few in number but already on the way to peaceful adjudication.

"While the settlement of such controversies may necessarily involve adjustments at home or in our relations with our neighbors which may appear to involve material sacrifice, let no man or woman forget that there is no profit in war. Sacrifices in the cause



of peace are infinitely small compared with the holocaust of war.

#### FAITH THAT PEACE WILL PREVAIL

"Peace comes from the spirit and must be grounded in faith. In seeking peace, perhaps we can best begin by proudly affirming the faith of the Americas: the faith in freedom and its fulfilment which has proved a mighty fortress beyond reach of successful attack in half of the world.

"That faith arises from a common hope and a common design given us by our fathers in differing form, but with a single aim, freedom and security of the individual, which has become the foundation of our peace.

"If then, by making war in our midst impossible, and if within ourselves and among ourselves we can give greater freedom and fulfilment to the individual lives of our citizens, the democratic form of representative government will have justified the high hopes of the liberating fathers. Democracy is still the hope of the world. If we in our generation can continue its successful applications in the Americas, it will spread and supersede other methods by which men are governed and which seem to most of us to run counter to our ideal of human liberty and human progress.

#### UNITY OF PURPOSE

"Three centuries of history sowed the seeds which grew into our nations; the fourth century saw those nations become equal and free and brought us to a

common system of constitutional government; the fifth century is giving to us a common meeting ground of mutual help and understanding. Our hemisphere has at last come of age. We are here assembled to show it united to the world. We took from our ancestors a great dream. We here offer it back as a great unified reality.

“Finally, in expressing our faith of the Western World, let us affirm:

“That we maintain and defend the democratic form of constitutional representative government.

“That through such government we can more greatly provide a wider distribution of culture, of education, of thought, and of free expression.

“That through it we can obtain a greater security of life for our citizens and a more equal opportunity for them to prosper.

“That through it we can best foster commerce and the exchange of art and science between nations.

That through it we can avoid the rivalry of armament, avert hatred, and encourage good will and true justice.

“That through it we offer hope for peace and a more abundant life to the peoples of the whole world.

#### FAITH IN DIVINE PROVIDENCE

“But this faith of the Western World will not be complete if we fail to affirm our faith in God. In the whole history of mankind, far back into the dim past before man knew how to record thoughts or events, the human race has been distinguished from

other forms of life by the existence—the fact—of religion. Periodic attempts to deny God have always come and will always come to naught.

“In the constitutions and in the practice of our nations is the right of freedom of religion. But this ideal, these words presuppose a belief and a trust in God.

“The faith of the Americas, therefore, lies in the spirit. The system, the sisterhood of the Americas, is impregnable as long as her nations maintain that spirit.

“In that faith and spirit we will have peace over the Western World. In that faith and spirit we will all watch and guard our hemisphere. In that faith and spirit may we also, with God’s help, offer hope to our brethren overseas.”

Before going to the peace conference at Buenos Aires, the President made a call at Rio de Janeiro, where he addressed the Brazilian Congress and the Supreme Court. He outlined the spirit and purpose of his visit to South America and visualized the Americas as a group of “friendly neighbors” rendering the greatest service to the world by maintaining domestic and international peace and “freeing ourselves forever from conflict.”

The President’s address follows:

“Your Excellency, gentlemen of the Congress and of the Supreme Court of Brazil:

“Nearly half a century ago a little boy was walking with his father and mother in a park of a city in Southern France. Toward them came a distinguished-looking elderly couple—Dom Pedro, 2d,

and his Empress. That occasion was my first introduction to Brazil.

“In the years that have passed since that day—years measured by the splendid history of the Republic of Brazil—I have had the pleasure of meeting many of your statesmen and of becoming increasingly familiar with the problems which mutually affect our two nations. My visit to Rio de Janeiro today is therefore the realization of a growing desire to see Brazil with my own eyes.

“Every student has been told of the majestic beauty in which your great city is cradled. But Rio is unique in that the reality far exceeds our expectations. A visit, even of a single day, is one of the outstanding experiences of my life.

“The loveliness of nature would have been enough to bring me here, but my visit has another purpose. I was unwilling to come so far abroad without rendering my respects to the Government of Brazil, that sister nation with which for more than a century we have maintained a tradition of good understanding, mutual regard and co-operation which is rare in history.

“I have had the honor of greeting your great President; and this personal friendship between the Chief Executives of our two nations seems to me not only of practical benefit, but also of profound significance. You, gentlemen of the Congress, now afford me the courtesy of this agreeable opportunity of meeting in person the legislative branch of your government and of exchanging thoughts directly with its members.

"I could not be but deeply sensible of the unique honor offered by the presence in this chamber of your Supreme Court, a tribunal whose high traditions are known throughout the juridical world. Thus, the executive, legislative, and judicial powers of the Government of Brazil have united in this demonstration of friendship toward the nation which I have the honor to represent.

#### NATIONAL BROTHERHOOD

"Let me now return thanks for this renewed proof of that brotherhood which has ever united Brazil and the United States, a fraternity not limited to the relations between our Governments, but a fraternity which I have reason to know is made evident in every group in both countries, whenever and wherever they meet.

"The fine record of our relations is the best answer to those pessimists who scoff at the idea of true friendship between nations. In the present state of the world it is heartening that the two largest countries in this hemisphere have been able, by exercise of good will, good temper, and good sense to conduct the whole course of their relations without clash or conflict or ill-feeling.

"Not only that. The confidence in each other's aims and motives enables us to work together for the common good. We have a record of which we can be proud, a record of joint endeavor in the cause of peace in this new world. My country has derived strength and confidence from the farsighted, irreproachable attitude of Brazil in its devotion to

arbitration, conciliation, and other methods for the peaceful settlement of international disputes.

#### FIRST CONCERN, PEACE

“Your first concern, like ours, is peace—for we know that war destroys not only human lives and happiness, but destroys as well the ideals of individual liberty and of the democratic form of representative government which is the goal of all the American republics. I think I can say that, if in the generation to come, we can live without war, democratic government throughout the Americas will prove its complete ability to raise the standards of life for those millions who cry for opportunity today. The motto of war is ‘let the strong survive; let the weak die.’ The motto of peace is, ‘Let the strong help the weak to survive.’

“There is room for all of us without treading on one another’s toes. There are resources of nature adequate for our present and our future. We are happily free from ancient antagonisms which have brought so much misery to other parts of the world. There are, it is true, conflicts of interest between the American States, but they cannot be called serious or difficult of solution, when compared with the deeply rooted hates of other continents.

“There is no American conflict—and I weigh my words when I say this—there is no American conflict that cannot be settled by orderly and peaceful means. And it is in our common interest imperative that they be settled always by agreement and not by bloodshed. We serve not ourselves alone.

The friendly nations of the Americas can render no greater service to civilization itself than by maintaining both domestic and international peace and by freeing themselves forever from conflict.

#### GOOD NEIGHBOR POLICY

"We are about to gather in a great American conference, called by President Justo in furtherance of the good-neighbor policy in which we all share. In this conference we have the opportunity to banish war from the new world and dedicate it to peace. It is unthinkable to me that in this time of world-wide apprehension we should fail to seize the opportunity to meet what is a heavy responsibility. This is no time to hesitate.

"We must be guided by a serene and generous view of our common needs. World horizons may be dark, but the time is auspicious for our task in America. The rest of the world presents a grim picture of armed camps and threats of conflict. But in our own continent armed clashes which in recent years have divided American countries have been happily brought to an end.

"It is gratifying to be able to pay well-deserved tribute to the very outstanding part played by your able and distinguished Foreign Minister, Macedo Soares, in the mediatory efforts of the representatives of six American republics. And the Leticia question was settled here in Rio through the patient assistance and masterly diplomacy of Dr. Afranio Mello Franco. The progress we have made must not be allowed to serve as pretext for resting on our

laurels; it should, on the contrary, stimulate us to new and increased effort.

"It is not enough that peace prevails from the Arctic to the Antarctic, from the Atlantic to the Pacific; it is essential that this condition be made permanent, that we provide effectively against the recurrence of the horrors of war and assure peace to ourselves and our posterity. All instrumentalities for the maintenance of peace must be consolidated and reinforced.

#### A UNITED HEMISPHERE

"The people of each and every one of the American republics—and, I am confident, the people of the Dominion of Canada as well—wish to lead their own lives free from desire for conquest and free from fear of conquest—free at the same time to expand their cultural and intellectual relationships and to take council together to encourage the peaceful progress of modern civilization. Our aims will best be served by agreements which bring peace, security, and friendship among us and all our neighbors."

"Solidarity among the American States in the cause of peace constitutes no threats to other regions or races. The honorable adherence to solemn agreements among us will harm no other continent. On the contrary, the more firmly peace is established in this hemisphere, the more closely we will live up to the spirit as well as the letter of our agreements, the better it will be for all the rest of the world.



"Let us present a record which our hemisphere may give to the world as convincing proof that peace lies always at hand when nations, serene in their sovereign security, meet their current problems with understanding good will. All of us have learned that no real, no lasting prosperity can exist where it is secured at the expense of our neighbors—that among nations, as in our domestic relations, the principle of interdependence is paramount.

"No nation can live entirely to itself. Each one of us has learned the glories of independence. Let each one of us learn the glories of interdependence. Economically, we supply each other's needs; intellectually we maintain a constant, a growing exchange of culture, of science, and of thought; spiritually, the life of each can well enrich the life of all. We are showing the international relations what we have long known in private relations—that good neighbors make a good community.

"In that knowledge we meet today as neighbors. We can discard the dangerous language of rivalry; we can put aside the empty phrases of 'diplomatic triumphs' or 'shrewd bargains.' We can forget all thought of domination, of selfish coalitions, or of balances of power. Those false gods have no place among American neighbors.

#### MUTUAL CONFIDENCE

"Happily, the relations between Brazil and the United States have transcended those lesser conceptions. Secure in unbroken respect and friendship we meet with full respect, each of the other, with

every hope that our mutual regard may prove useful to others as well. There has never been a time when this confidence between Brazil and the United States was more precious or more needed.

“I know from my enlightening conversation with President Vargas that we are entering the coming conference deeply mindful of our responsibilities and the need to work in fullest understanding with all of the republics of this hemisphere. If we are guided by wisdom, such comprehension will banish conflict from this part of the world. We are entitled to hope that we may thus contribute to the universal ideal that nations throughout the entire world, laying weapons aside, may at last fulfil the greatest ambition which any nation, large or small, can have—that of contributing steadily and, above all, generously to the advance of well-being, culture, and civilization throughout the changing years.”

President Roosevelt's last port of call in South America was at Montevideo, the capital of Uruguay, the buffer State between Brazil and Argentina, where he was welcomed by President Gabriel Terra. In his address, the President said:

“Your Excellency, President Terra, and Senora de Terra: It is a privilege today to be the guest of the Government of the Republic of Uruguay and it is a great personal pleasure to which I have looked forward for many years.

“Here three years ago in this beautiful city of Montevideo, there was born a new era of friendship and confidence among the Americas. No one is entitled to more credit for this new day than Your

Excellency; for you labored unceasingly and generously both as host and as statesman for the success of that conference.

"I believe that when history comes to be written the origin of the new America era will be placed here in the memorable year 1933. Truly, it is an inspiration for the average citizen of all our republics that that conference is giving back its fruits in terms of achievement for the people of the world.

#### UNITED IN COMMON CAUSE

"During the last week I have become certain of this because I have seen in the faces of men, women, and children in Rio de Janeiro, Buenos Aires, and, today, in Montevideo a joyful expression of hope and faith which can and will inspire us, their chosen representatives, to even greater activity in the common cause.

"You, Mr. President, have used a term in speaking of that great patriot, General Artigas, which can well be the inspiration of us all. You have spoken of his 'serene and noble spirit of applied justice.' It is because of this spirit which actuated the founding fathers of the American republics that we, their followers, are inspired to maintain the democratic principles for which they fought.

"I am particularly grateful for the kind words which you, Mr. President, have spoken concerning our policies in the United States of America. We fully join with you in the thought that the first battlefield of peace is that of securing well-being at home. It has been of special interest to me to know

that you in the Republic of Uruguay have made such great advances in behalf of the well-being of your citizens.

#### ECONOMIC AND SOCIAL PROBLEMS MODERN

“In the days of General Artigas and his friend, President Monroe, human society had, of course, little conception of the economic and social problems which we face today. None of the fathers of any of our republics had even heard of an eight-hour day, of minimum wages, of protection for women and children, of collective bargaining between employers and employees, of old-age security, of modern sanitation, of concrete highways, of railroads, or steel buildings.

“The fathers had not thought of the telegraph, the radio, the automobile, or of travel by fast steamships and by air. They knew little of the problems of modern science, of modern finance.

“And yet you and I are very certain that if they were alive today, the founders of our Governments would look with approval on what we are seeking to do to use the processes of democratic government in solving the new problems.

“I recognize as you do that these new problems are common to all nations. I am glad that you have said that we have been compelled to abandon the comfortable attitude of statesmen of the old school. Every nation in all the world has been compelled to recognize the fact of new conditions. It is of the utmost importance that the nations of the new world have found it possible under vigorous

leadership to find the answer within the spirit and the framework of Constitutional government and democratic processes.

#### WORK NOT COMPLETED

"We have not completed our task. In accordance with the objectives and the theory of democratic government, that task is a continuing one. We seek new remedies for new conditions; new conditions will continue to arise; sometimes the remedies succeed, and sometimes they must be altered or improved. But the net result is that we move forward. We learn, and ought to learn, much from each other—much that is good and some things which, from experience, we must avoid.

"In the case of agriculture, for example, you are familiar with the fact that in the United States we did many things in the past which ran counter to the laws of Nature and of sensible economics. In many parts of my country we have used land in such a way as to diminish its productiveness, we have harmed supply of water, and we have lost our topsoil.

"Today our Government seeks to work with our farming population in correcting these mistakes and in bringing back a greater prosperity and a more permanent use of the land. I cite this as an example, which you undoubtedly know of, to show the need among all our republics of keeping in close touch with each other, for many of our problems are similar.

"On this delightful visit to Brazil, Argentina, and Uruguay, I have been impressed with the immediate

need for better and quicker services of travel and communications between North and South America. I look forward to the day when instead of it being a long and unusual journey, visits between the nations of South America and those of Central America and of North America will be so usual and simple that tens of thousands of our citizens will meet each other every year."

The tariff, an old political issue in our history, was another problem on which President Roosevelt used Gordian methods in his attempt to solve. On one side were those who sought a high tariff, an impost on foreign goods that would give American manufacturers protection against cheap labor in other countries. This group of protective tariff advocates preached the doctrine of self-sufficiency and concentration on the development of home markets without regard to the rest of the world. Their policy was to erect a theoretical Chinese wall of excises around our borders. They argued that foreign trade was only a small percentage of our total volume of business and was not worth the trouble. Opposed to the high tariff were those engaged in basic industries, many of whom exported as high as 50 per cent of their production. In this class were included cotton, prunes, raisins, turpentine, tobacco, motor-cycles, lard, copper, kerosene, sewing machines, typewriters, lubricating oils, and agricultural and printing machinery. The apostles of the low tariff further contended that many of our industries, such as automobiles, furniture, hardware, leather, the grocery business, radio, drugs, and tobacco were required to

get their materials anywhere from eighteen to twenty-seven different countries.

President Roosevelt and his Secretary of State, Cordell Hull, an exponent of a broad, foreign-trade policy, realized that one sure road back to recovery was to regain markets abroad for the sale of our industrial and agricultural surpluses.

A Trade Agreements Section to work out reciprocal programs with foreign nations was created in the State Department and Dr. Henry Francis Grady, of the staff of the University of California, was drafted to be the head. This innovation by President Roosevelt was lost sight of by the public at large because the continuous pressure of domestic affairs overshadowed everything else. One of Doctor Grady's first broadsides was to show that before 1930 America's total foreign trade, import and export, was \$10,000,000,000 every year, but by 1933 it had plunged to \$3,000,000,000. That shrinkage, Doctor Grady pointed out, was one of the principal reasons for crop curtailment, closing of factories, and the throwing of 12,000,000 workers out of work.

The President pushed the recovery of foreign markets to the limit as choice from continuing disemployment, dismantled mills, and crop restrictions. It was his only choice because of the economic fact that increased exports must wait upon increased imports. Foreign countries cannot sell to us unless there is a balance of trade by buying from them. Before the days of Franklin D. Roosevelt, that theory might have been regarded as free trade but behind the Trade Agreements Section operation, was the backing

of a law that gave the President power to reduce the tariff on foreign products as much as 50 per cent, when and if it was to the advantage of the United States. Reciprocal trade agreements were the result. Economic isolation was in the discard.

One of the first reciprocal trade agreements was made with our good neighbor to the north, the Dominion of Canada. In the first six months of its operation, our exports to Canada increased \$24,000,000 and that included not only manufactured products but agricultural products as well.



## CHAPTER XIV

### THE COURSE AHEAD

**S**ECOND-TERM PRESIDENTS, and there have been only thirteen in the United States, have the opportunity to advance their own programs of government without concern for their political future. The necessity of weighing policies and actions in the terms of votes is a thing of the past. The vexatious problem of patronage is four years in the background, and there is no sweeping change of officeholders to bring criticism from opponents and cause friction within the party. And yet, the history of other second terms shows that the course ahead is not always smooth sailing, but one often beset with squalls and hidden reefs.

#### NOT ALL SMOOTH SAILING

Franklin D. Roosevelt, who demonstrated during his first term that he was no respecter of tradition or precedent, faced his second term with a mandate from the majority of the people to go ahead with his program for the betterment of the average citizen. And he wanted to be at the helm for another four years for that very purpose, as evidenced by his statement a few days before his re-election when he declared: "We are getting up steam for an era of change and movement compared to which the years just past will seem stagnant."

As a second term, President Roosevelt had the

advantage of the fact that the United States had overcome one of the worst depressions ever known because of his untiring efforts in behalf of the people. Another advantage was his experience of four years in the White House, a training of inestimable value and one that gave him a first-hand knowledge of the capabilities of the various legislative leaders.

#### UNFORESEEN DEVELOPMENTS

But unforeseen developments, the records show, have a way of upsetting the best laid plans of administrations. Looking back, we see how President Wilson, a month after he took office for the second time, was forced to abandon his great hope of making the United States the peacemaker in the World War then raging in Europe. Indeed, Wilson, who had been re-elected largely on the idea that "he kept us out of war," was compelled to ask the Congress to declare war to a finish against Germany on April 6, 1917. Then there was Grover Cleveland in his second term. He was confronted with a business slump, the "panic" of 1893. Cleveland, however, had this disadvantage, there was a Republican President between his two administrations and he could not pick up where he left off. Except for the terms between 1840 and 1860, most Presidents have been renominated, but only Washington, Jefferson, Madison, Monroe, Andrew Jackson, Lincoln, Grant, McKinley, Wilson, and Franklin D. Roosevelt were re-elected to serve consecutive terms.

Theodore Roosevelt and Calvin Coolidge were Vice Presidents, completing the terms of Presidents who

died in office, and were elected only once. All second-term Presidents, however, were men of strong character who left an impress on the country. Re-election did not change their characters or their policies. The one exception is the Square Deal Roosevelt. He carried out McKinley's ideas to the end of the administration. When elected to office, Teddy Roosevelt became himself, a progressive and a reformer, the forerunner of the New Deal.

#### SECOND-TERM POLITICS

Political prognosticators questioned whether President Franklin D. Roosevelt in his second term would attempt to build up a "crown prince," a successor to his chair in the White House. Three men before him, all patron saints of the Democratic Party, selected their successors.

Thomas Jefferson and Andrew Jackson openly designated their choice as the "heir apparent." Woodrow Wilson picked Governor James M. Cox, of Ohio, to carry out his ideas on foreign policy. Theodore Roosevelt had much to do with the naming of William H. Taft as his successor, and then there was James Madison, "the timid little husband" of Dolly Madison, who used his influence to have James Monroe chosen as his successor.

#### THAT THIRD-TERM BUGABOO

One of the questions which disturbed the opponents of Franklin D. Roosevelt was whether he might be inclined to seek a third four years in the White House. There is nothing in the Constitution

to prevent a third term but since George Washington set the example, it has been a sort of unwritten law that eight years be considered the limit of any man's service as head of the United States. Roosevelt, his opponents felt, might brush aside the no-third-term custom as he had shattered other Presidential precedents. Only two men, Ulysses S. Grant and Theodore Roosevelt, have been candidates for third terms. Their candidacies, however, followed intervening administrations. Theodore Roosevelt might have been elected a third time if death had not intervened to end his brilliant career. Had Teddy lived, he probably would have been the choice of the Republican party in 1920. That would have made him the first President to shatter the third-term precedent, as the Republicans with Warren G. Harding won an easy victory over James M. Cox. According to prevailing opinion at the time, Calvin Coolidge could have had a third term had he so desired. His famous statement, "I do not choose to run," in the summer of 1927, required clarification later in the form of emphatic announcements that he would not consider a third term.

Even before the counting of the vote was finished on Election Day, November 3, 1936, the nation began to speculate on what would happen during Roosevelt's second term. While it was evident, even to the most skeptic of his Administration, that he would continue to lay emphasis on legislation for the betterment of the common man it also was equally plain that a new chapter in American history was about to be written. Only one man in American

history faced his second term in the White House with comparable power. He was George Washington. The privileges accorded Franklin D. Roosevelt were unprecedented, but his responsibilities were correspondingly grave. Without effectual minority party opposition, there was only his sterling character and wisdom to aid him in fathoming the will of the common people. The vote given Roosevelt on Election Day also swept into office overwhelming majorities in the House and Senate, a fact which assured passage of any legislation that he might demand. It was, in effect, a one-party Congress, a fact that tended to deprive him of effectual congressional debate concerning his policies. The situation historically was similar to that faced by those two other outstanding Democrats, Thomas Jefferson and Andrew Jackson, both of whom were the representatives of the farmer, the worker, and the small business man. The only difference was that the industrial, financial, and social problems were far more complex than in the early days of the Republic.

#### DEMANDS OF LABOR

Labor, which stood solidly behind Roosevelt for re-election, was demanding two of its social reforms, the 30-hour week and the Federal licensing act. The shorter working week seemed to be a fact as soon as it could be rushed through Congress. The bill licensing all industries operating in interstate commerce also was regarded favorably.

The possibility of a revival of the NRA, or

measures to attain the same ends, created tremendous interest. President Roosevelt had ordered studies to be made to ascertain whether the NRA objectives might be attained through a comprehensive Federal incorporation and licensing law. Roosevelt's interest in that was shown in his message to the National Conference on Labor Legislation when he pledged himself to Federal aid in making State labor and welfare standards effective.

#### GOVERNMENT CONTRACTS ACT

The NRA, as an emergency measure based on war statutes, had as objects the elimination of child labor, the increasing of labor by regulating hours, minimum wages, collective bargaining, and elimination of unfair competition. After the NRA was ruled out by the Supreme Court, the Walsh-Healy Government Contracts Act was enacted as a sort of "back-door NRA." This measure provides that any contractor working a government contract of more than \$10,000 must pay the prevailing wages in his locality as determined by the Secretary of Labor on all labor employed in the "manufacture or furnishing of materials, supplies, articles, or equipment used in the performance of the contract." The act became effective in September, 1936, and limited labor engaged in carrying out the contract to eight hours a day and forty hours a week. No boy under sixteen or girl under eighteen, could be employed. Working conditions also were regulated. It was regarded as extremely likely that some extension of this act would be enacted during Roosevelt's second term,

although it was opposed by the National Manufacturers Association on the ground that it carried with it the idea of a boycott to some manufacturers. Many methods of dealing with the problem were suggested, including one that industrial States competing with each other might establish interstate compact with wage and hour standards and that these standards might be protected by Congress, which would ban goods manufactured under less favorable conditions from entering the protected areas.

It was indicated that the long-established practice of second-term Presidents revamping their Cabinets would be followed by President Roosevelt. It was no secret in Washington that he wished to strengthen his Cabinet in the last year of his first Administration but refrained until after the election. His overwhelming vote placed him in an exceedingly strong position to start housecleaning, as he was under no obligation to a single one of the group for re-election. In the reshuffling, according to some political observers, six of the first Cabinet were slated to go into the discard.

The first fiscal relief agency formed by the Federal Government in the fight against depression was the Reconstruction Finance Corporation under President Herbert Hoover. Although President Roosevelt was of the opinion that the depression had been overcome to a point where recovery was definitely on the upgrade and felt that many emergency measures should be repealed, he planned to continue the lending authority of the RFC for at least one year as there

were emergency conditions still prevailing that demanded this course of action.

#### WORKS PROGRESS ADMINISTRATION

There were conflicting reports about the future of work relief under the direction of the Works Progress Administration. Harry L. Hopkins, WPA Administrator, however, gave assurance that this life-saver would not be demobilized until the unemployed had found private jobs. It was admitted that WPA funds ran out faster than was expected, due to the drought which took away \$300,000,000 in relief money.

"This administration," said Hopkins, "is committed to the policy of taking care of the needy."

Hopkins, after his experience with WPA, was firmly convinced that work relief for the able-bodied unemployed is better for every person and agency concerned, including the Government, than cash relief. The WPA chief frankly admits that he does not expect to see the day when there will not be destitute persons to be employed on relief projects. The Social Security Act, he expects, will lighten the load but not all. It is a fact, however, that since records have been kept, there have always been unemployed in the United States. Even in boom times there have been 1,000,000, or more, out of work. When the total industry reaches ninety per cent of the 1929 level, some Government officials have estimated, there should still be about 6,000,000 unable to find work with private firms.

One thing is certain, the administration under



President Franklin D. Roosevelt would never allow a repetition of the needless suffering that existed among the needy unemployed between 1929 and 1933. And so clearly has President Roosevelt charted the course that no future President may ever again disavow his responsibility to aid the men looking for work.

#### FIGHT AGAINST UNEMPLOYMENT

The slack of unemployment will be taken up but it can only come through the shortening of working hours and the returning of women workers to their homes, when they are not entirely dependent or supporting others. In the final analysis, business and government must work together for a common end. Government had the responsibility of seeing that citizens do not suffer privation, and business has an interest in the dollars which the wage earners spend as consumers but which they cannot spend when they are idle.

"It is perfectly plain from remarks that can be heard on every hand," Hopkins declared, "that very few people have even a good working knowledge of the unemployment situation in which this country finds itself. And why should they have? We have had unemployment in serious quantities for forty years, but all we ever did about it officially until President Roosevelt assumed office was to ignore it."

However, the realities of government finance forced Hopkins to cut down on work relief. The first eliminated were those on drought relief, who were transferred to the Resettlement Administra-

tion so that, on that score, the reduction was more apparent than real. The cuts, when they are made, will be made in the administrative staffs, the non-relief employees including supervisors, skilled foremen, and others hired on the basis of ability rather than need, and those who are found to have built sources of income greater than would be paid by WPA.

Before President Roosevelt left for South America on his history-making peace trip, he declared that he intended to ask the incoming Congress for sufficient funds to carry all necessary WPA work to June 30, 1937, the end of the fiscal year. It was estimated that a \$500,000,000 emergency appropriation was necessary to carry out that idea. The funds for the following fiscal year, ending June, 1938, required a separate appropriation. WPA officials were planning to cut their burden down to \$100,000,000 a month, which meant that not more than \$1,200,000,000 would be asked to finance work relief between June, 1937, and June, 1938. As great as that sum may seem, however, it must be realized that work relief has never been adequate. Much more could have been well spent.

#### NATIONAL ASSOCIATION OF MANUFACTURERS

There were several other encouraging signs, however, which promised to make up the difference brought about by the cutting down of WPA activities. Chief of these was the declaration of the National Association of Manufacturers, the militant group of business men who fought the New Deal

every step of the way from March, 1933, up to the 1936 election, that they would co-operate with the President. Their declaration of principles called for better living, better housing, steadier work, more certainty of a job, and more security for old age. In 1935 this same group openly declared war on the New Deal. Whether it was a surrender or not was immaterial, for it showed that American industry, more than ever before, had brought itself to a more marked social outlook and sense of public responsibility.

The third Council for Industrial Progress, called by Major George L. Berry, Co-ordinator for Industrial Co-operation was another hopeful sign. A three-point program for business, embracing a re-institution of the basic principles of the NRA, the most controversial Roosevelt effort, resulted from this council. It was only a year before that the same group broke up in confusion with the conferees hurling the words "lie" and "liar" when an attempt was made to criticize the Roosevelt administration on some of its policies. The way was opened, however, for President Roosevelt to ask the leading employing executives in the United States to take the initiative in a systematic movement for a reduction of working hours in industry to the end that at least those dislocated by technological developments might be put to work and removed from the need of Federal relief. There also was a realization among industry, labor, and government that the so-called natural course of recovery was not sufficient to eliminate unemployment, the basic difficulty.

One predominant note in the industrial council sessions was that industry must renew its efforts and join with the Government in a more definite and more practical approach to this question.

#### RE-EMPLOYMENT

The business men, however, wanted Roosevelt to lead the way in this extra employment effort. They wanted a centralized plan of attack and the extent of the task before them. While re-employment is really the job of private industry, many business men were waiting for the President to voice his demands.

Reports of leading insurance companies showed their increased partnership in the Federal Government. At the close of 1930, insurance companies held less than two per cent of their assets in Government bonds. Six years later their assets comprised sixteen per cent of such obligations. That contribution showed how closely business and government had become under President Roosevelt's direction. Insurance executives, although they are not elected, are responsible for the financial interests of as many voters as the members of Congress. Insurance is a form of property held widely among large numbers of comparatively poor people. Harmony between industry and the government is as vital, therefore, to the average citizen as it is to any of the executives in business or industry.

#### CURBING 1937 CROPS

The 1937 soil conservation program was another factor in determining the course ahead. Secretary

of Agriculture Wallace, while strong for the principles of the Agricultural Adjustment Act, felt that it could be improved upon to benefit the farmers, just as industry had moved to aid the workers in the city. The soil conservation program, designed to replace the invalidated AAA, will have a similar effect, although its method will be different. Under the new plan the farmer gets no contract, but he will receive a cash award for replacing cash crops with soil-building vegetation. Corn-hog raisers, for example, will receive an average of \$10 an acre for each acre changed over to grasses and legumes. Planters in the South will be paid for fields shifted from cotton at the rate of five cents a pound of cotton which would have been produced had the fields not been shifted. For other crops sacrificed for soil building, the basic payment will be \$9 an acre. Under this plan it is expected that 11,000,000 acres will thus be diverted from cotton and 5,000,000 acres from corn, sufficient to ward off over production and keep up prices.

"Good as the AAA program was, we want to see it improved upon," Secretary Wallace declared. "A better program can and will be built."

But face to face with the realities of drought and the consequent crop loss, farmers, at least such as have a voice powerful enough to be heard at Washington, were still ridden by the specter of the surplus they might raise if given another season of good growing weather over the whole area.

The Corn Belt formula for an acceptable farm relief policy is one that recognizes the importance of

conservation of the farmer as parallel with that of conservation of the soil. The attainment of that objective, as some see it, is through the maintenance of a profitable price level, attainable only by the avoidance of an unmanaged and unmanageable surplus.

That feeling is probably stronger than the Government check in inducing participation in the Government programs. The typical quarter-section farmer can earn a grant of around \$200 by meeting all the requirements for participation. To do so, he may have to sacrifice fifteen or twenty acres of corn which he might otherwise have raised. With anything like normal weather, this means 500 to 1,000 bushels yield. At a fair price this would be worth more than his government grant, but he is by way of becoming pretty well convinced that the good price would not be forthcoming without the sacrifice.

#### THE THOMAS AMENDMENT

The Thomas amendment to the AAA Act of 1933, which placed an embargo on gold and gave the President power to change the gold content of the dollar, also was slated to be continued. This was still regarded as sensible and essential. It was pointed out that American participants in an international currency conference would have their hands tied if the value of the dollar were fixed and they would be unable to protect our currency from changes made in the pound and the franc by unhampered fiscal statesmen from Great Britain and France. However it was regarded as unlikely that

any situation would arise that would call for further devaluation of our money.

Two big public works projects which were started during the Roosevelt Administration and stopped by Congress were certain to be the center of discussion after Army engineers made favorable reports on their continuance. The 200-mile ship canal across Florida was abandoned after \$5,400,000 had been spent on it. The big ditch was to cost between \$146,000,000 and \$162,000,000. The canal would be cut from Jacksonville to Ocala and provide a short cut between the Gulf of Mexico and the Atlantic Ocean. It was designed as a sea-level waterway with a depth of thirty-three feet and a minimum width of 250 feet. The other was the harnessing of the powerful tides in Passamaquoddy Bay, in Maine, to produce electricity. The dream of securing power from the fast-moving tides had been cherished by some engineers for years, but it seemed like too great an undertaking until the spring of 1935, when the Federal Government allotted several million dollars for the start of the project, only to halt the work after the preliminaries were started.

#### FARM TENANTS

The farm tenant problem of the South was another condition that is certain to be corrected by legislation during Roosevelt's second term. Farm tenancy is a system that goes back to the Civil War, when the abolition of slavery brought the great plantation owners face to face with economic conditions which they were unable to meet. The operations of the

AAA, the reduction of cotton acreage, and other conditions aggravated the plight of these tenants. The checks which the AAA paid out for cutting down the cotton crop went to the landowners. The tenant, not coming under the provisions of the law, received nothing and became utterly destitute or incurred new debt to his landlord. Two plans will be considered to relieve the situation. One would provide \$1,000,000,000 to finance a program of aiding tenants to buy farms, and the other is the recommendation that Congress provide \$50,000,000 a year for ten years to help the tenants own the land.

One change wrought by President Roosevelt's re-election was the attitude of business men toward the Administration. Doubting Thomases saw in their offer of co-operation a move to carry out the old political adage: "If you can't lick 'em, join 'em." On the other hand, observers interpreted the move of business simply as a practical answer to a serious problem. Roosevelt always insisted that business should take unto itself the problem of unemployment, and, with business expressing a desire to co-operate, it appeared that for a time, at least, the President would be able to dictate his own terms during his second Administration. On the other hand, business, if it makes a good job of solving the unemployment problem, would have a just and legitimate claim upon the gratitude of the Government and the admiration of the people. Business then would have the right to ask for a reduction of unusual expenditures. It also would be assured of a respectful and friendly hearing when appearing



before Congressional committees to oppose one reform or advocate another.

But the situation at home, strong as it is, depends upon events and forces over which President Roosevelt has little control. His course, in many ways, is contingent upon what happens outside the jurisdiction of the United States. An international war would upset and cause many changes in domestic plans and foreign policy. The President has always been confident that this country could be kept out of war abroad by taking away the profits to be made in the manufacture and sale of war materials. At the same time, as the most powerfully supported ruler on earth, it would not be inconceivable that he might take the initiative in international politics. President Roosevelt, at heart, is an internationalist, a fact that was demonstrated clearly by his trip to the peace conference in Buenos Aires. Roosevelt, the precedent breaker, could easily make some dramatic gesture to avert an international war, for he is eager for a peace conference before the battle.

War, the failure of business to keep its promise and relieve unemployment, and labor troubles are factors that could change Roosevelt's entire course. But for the first part of his Administration his hand will be on the tiller to direct the course as he sees it. His critics may argue that he does not know where he is going or where he is taking the country, but it was not by accident that he opened his campaign for re-election with a denunciation of the "economic royalists" in Philadelphia and closed it in New York

with the declaration that "for all these things we have just begun to fight." The course ahead, barring uncharted reefs, was seen plainly by President Roosevelt. His position clearly was that of a leader of the greatest nation on the face of the earth during a revolutionary period—but who steered the course so that there was no revolution.

Roosevelt, himself, will not change during his second term, for he faces it with an unequivocal mandate from the people of the United States to go forward.







